

Austria	Sc400	Iran	10000	Philippines	10000
Belgium	10000	Israel	10000	Poland	10000
Cyprus	10000	Italy	10000	Portugal	10000
Denmark	10000	Korea	10000	Saudi Arabia	10000
Egypt	10000	Latvia	10000	Singapore	10000
Finland	10000	Lithuania	10000	Spain	10000
France	10000	Malaysia	10000	Sweden	10000
Germany	10000	Maldives	10000	Switzerland	10000
Greece	10000	Morocco	10000	Taiwan	10000
Hungary	10000	Norway	10000	Thailand	10000
Iceland	10000	Peru	10000	Turkey	10000
India	10000	Romania	10000	Ukraine	10000
Indonesia	10000	Slovenia	10000	USA	10000

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FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

Tuesday April 2 1991

AFTER COMECON

High hopes give way to empty shelves

Page 17

D 5523A

World News Business Summary

Yugoslav talks hindered by renewed violence

Yugoslav army tanks patrolled the country's largest national park, Plitvice, after two people were killed in weekend clashes between Croatian police and ethnic Serbs.

The violence has undermined attempts by national leaders to negotiate a solution to its worst political and economic crisis since 1945. Page 18

Land dispute lingers

Two weeks before Soviet president Mikhail Gorbachev visits Tokyo, Japan's ruling LDP party is trying to persuade him to settle a territorial dispute over four islands which has dogged bilateral relations since 1945. Page 6

Rebels take Khost

Red Cross workers arrived at Khost military garrison in south-eastern Afghanistan after the weekend victory by Mujahideen guerrillas over government forces. Page 6

US sailors accused

Two US black Muslim sailors facing court martial denied attempting to sabotage an aircraft carrier in support of Iraq during the Gulf war. Page 4

Six die in townships

Six people were killed in factional fighting in South Africa's black townships, taking the death toll to at least 58 since last Wednesday. Page 4

Kerekou steps down

Benin's President Mathieu Kerekou has accepted defeat in elections, easing fear in the west African state that he might try to cling to power. Page 4

Peru resignation

Peruvian interior minister, General Adolfo Alvarez, widely criticised for setbacks in the anti-guerrilla war, has resigned. Page 4

Two Swedes seized

Gummen kidnapped two Swedish engineers in Indian-ruled Kashmir, the first foreigners seized there since separatist fighting began 15 months ago. Page 4

Soviet-Chinese talks

The Soviet foreign minister Alexander Bessmertnykh met his Chinese counterpart Qian Qichen in Peking to prepare for May's planned visit by Chinese Communist party secretary-general Jiang Zemin. Page 6

Zhivkov defenceless

Ousted Bulgarian leader Todor Zhivkov said he could not afford to keep paying the lawyers defending him in his trial on embezzlement charges. Page 4

Marcos faces suit

The Philippines will file up to seven criminal cases against the widow of former president Ferdinand Marcos to recover \$350m deposited in Swiss banks. Page 4

Jewish march halted

Police prevented Jewish extremists from going to Jerusalem's Temple Mount but later permitted them to march with Israeli flags through the Muslim quarter of the old city. Page 4

French gas blast

A gas explosion ripped through a four-storey block of flats in the central French town of Salbris, killing at least one person and injuring 18. Page 4

Palestine refusal

The Democratic Front for the Liberation of Palestine refused to obey a Lebanese government order to disarm on the grounds that it had to defend itself against Israeli attacks. Page 4

Critic's choice

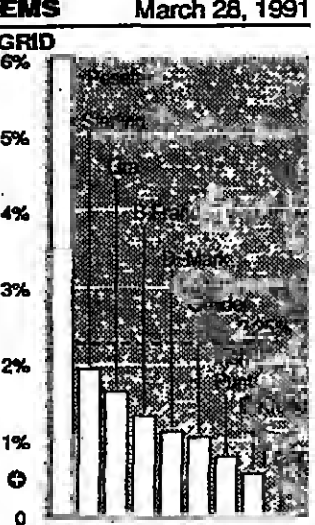
Chinese officials who selected this year's Academy Awards entry have been ordered to write self-criticisms for drawing world attention to a film that embarrasses China. Page 4

Laidlaw tries to increase control of ADT group

Laidlaw, Ontario-based waste management and school bus operator, has issued a lawsuit against Mr Michael Ashcroft, the chairman of ADT as part of an attempt to assert a greater control over the Bermuda-based car auction and security group. Page 19

European Monetary System: Sterling finished last week as the second strongest member of the exchange rate mechanism, boosted by a move out of the D-Mark and by high London interest rates. The French franc stayed at the bottom of the ERM, but traded comfortably within its allowed limit against the strongest placed Spanish peseta. An easing of Spanish and Italian interest rates led to a decline of the peseta and the lira. Currencies, Page 33

EMS March 28, 1991



The chart shows member currencies of exchange rate mechanism measured against the weakest currency in the EMS's narrow 2.25 per cent fluctuation band. In practice, currencies in the EMS narrow band cannot rise by more than 2.25 per cent from the weakest currency in that part of the system. Sterling and Spanish peseta operate within 6 per cent fluctuation bands.

CURRENCIES: At midday in New York, sterling stood at \$1.76, the dollar was at DM1.684, FF15.7025, SF1.43675 and Y140.2. In Tokyo the dollar closed at Y140.6. Currencies, Page 33

EQUITIES: An extended Easter weekend brought quiet trading. US blue chips sank to new session lows at midday. The Dow Jones Industrial Index was down 22.52 at 2,891.34. The S&P Comp was off 2.59 at 372.63. Japanese stocks closed lower mainly due to a reluctance to trade. The Nikkei Index fell 284.64 in 26,007.4. World Stocks, Page 28

US ECONOMY continued to decline last month, but at a slower rate than during the winter, underpinning hopes that the low point of the recession may be near. Page 2

SCHNEIDER Gruppe, French electrical equipment manufacturer, has extended its tender offer until April 12 for Square D, after failing in its proxy fight for control of the Illinois electrical products maker. Page 22

COAL and Allied Industries appears to be making progress in its campaign against an A\$437m (\$338m) hostile takeover bid by CRA, Australian mining group. Page 22

MALAYSIA'S GDP growth this year is expected to slip to 5.3 per cent, after four years of rises and a 10 per cent rate last year, according to Bank Negara. Page 6

ARGENTINA has implemented its toughest adjustment programme yet by making the currency convertible, banning indexation and opening the market to imports. Page 2

Moscow acts on price panic

By John Lloyd and Quentin Peel in Moscow

A HUGE increase in cash and credit in the Soviet economy, and an imminent devaluation of the rouble, are planned by the Soviet authorities to ease the trauma of today's sweeping food price rises.

The moves were spelt out by Mr Viktor Geraschenko, the chairman of Gosbank, the state central bank, in an interview with the Financial Times on the eve of the food price rises, which have sparked panic buying across the country.

State price controls governing 35 per cent of retail turnover, including some basic foodstuffs, are to be abolished or greatly relaxed from today, and prices are likely to rise by an average of 70 per cent.

Fuge queues blocked the doors of shops and stores in every town yesterday as Soviet consumers tried to spend their roubles on anything and everything still available at the old state prices.

The implications for the Soviet economy are dramatic. Mr Geraschenko said retail turnover would increase from Rb450bn last year to an estimated Rb520bn this year.

As a result, the central bank intends to print an additional Rb400bn in banknotes to meet the needs of higher prices and higher wages, on top of the Rb140bn currently in circulation. New Rb20 and even-

ally Rb500 banknotes would be introduced.

There will also be a further Rb700bn in credit for state enterprises, on top of the Rb400bn they already receive. This is because the enterprises have had to pay sharply increased wholesale prices since January 1, but only have it from higher retail prices from today.

Critics of the government's price reform strategy say the one-off increase in money supply will make it impossible to prevent an inflationary spiral, with the enterprise credit fueling a wage explosion.

Mr Valentin Pavlov, the prime minister, is supposed to meet striking coal miners today and is expected to try to buy industrial peace with a hefty pay settlement.

The Gosbank chairman said a further devaluation of the rouble was inevitable and imminent.

He also indicated that there would be new restrictions on the ability of joint ventures to buy hard currency in currency auctions, where the rouble exchange rate has recently topped Rb30 to the US dollar, against a commercial exchange rate of less than Rb20 to \$1.

He said Soviet exporters were no longer competitive after the increase in wholesale prices and must be compensated.

● Voters in the Soviet republic of Georgia have flocked to the polls to give overwhelming support in favour of complete independence from the Soviet Union. Early returns in Sunday's referendum showed a turnout of 95.5% and a vote for independence of 99.4%. Page 3

● People in Soviet Tajikistan are said to be panic-stricken by news that their hefty 50 kila seeks of flour will be more than tripling in price from today, from Rb13 (57) a sack to Rb40 (\$21.89). Many Tajiks feel betrayed by their government. Page 3

● Comecon's collapse is causing difficulties for eastern Europe and the Soviet Union. Page 17

● The FT interview: Oleg Ozharelev, Mr Gorbachev's new economic adviser. Back Page, Section II

prises from keeping bank accounts abroad. Mr Geraschenko admits to growing concern at the flight of capital from the Soviet economy.

Mr Geraschenko was confirmed in his post two weeks ago by the Soviet parliament for a six-year term, the longest for any official job in the Soviet Union.

He has been much more independent of the central government, showing deep cynicism about the money reform in January, when all Rb50 and Rb100 banknotes were abruptly withdrawn from circulation.

He said the whole exercise succeeded in taking little more than Rb50bn out of circulation.

against an intended Rb25bn. "It was not our idea, but we passively supported it," he said. "We were fed up with the demands from all sectors of public opinion that there should be money reform. We thought that this kind of exchange would show that it is not the main problem in our economy."

He said the withdrawal of the big banknotes had actually postponed price reform because there was not enough cash left to pay the compensation to wage-earners and pensioners promised by the government. Hence the crash money printing programme.

He suggested that the government would now move swiftly to liberalise prices further.

The original plan was for a second phase of liberalisation in 1992. This would probably now happen this year.

● The State Bank yesterday moved a step nearer to market conditions when it raised the rate at which Soviet citizens must buy foreign currency for foreign travel.

From today, the rate has been raised to 27 roubles to the dollar - close to that set by the currency auctions at which Soviet and foreign enterprises exchange dollars for hard currency. The limit allowed for purchase remains fixed at \$200.

President and other reformers go down to defeat in first multi-party poll since 1945



Supporters of the Democratic Party of Albania holding a rally outside the Democratic headquarters in Tirana yesterday, one day after Albania's first free election in 46 years

Communists hold power in Albania despite setbacks

By Laura Silber in Tirana

ALBANIA'S ruling communists yesterday retained power in the country's first multi-party elections since 1945. But the victory of the Albanian Party of Labour (APL) was marred by personal defeats for its leader, President Ramiz Alia, and other party reformers.

There was a hefty swing in the cities to the opposition Democratic Party, while the APL gained massive support from the rural population.

The APL won about 66 per cent of the vote, according to early results of Sunday's election, while the rest went to 11 opposition parties, of which the Democratic Party is the most popular.

Mr Xhehil Gjoni, secretary of the Communist Party, and a

hardline Stalinist, said: "The elections prove the Party, with Comrade Alia at the helm, is Albania's main party and has the support of the people."

However, the pace of reform has been thrown into doubt by the defeat of Mr Alia, the chosen successor of the dictator Enver Hoxha, at the hands of Mr Franko Kreshi, a candidate for the Democratic Party.

According to the unofficial returns, the Democratic Party gained most of its support from the big cities, winning 74 seats in the 250-seat parliament. More than 80 per cent of Albania's 1.1m eligible voters cast their vote.

Hardliners may call the shots, Page 2

Doing business with an Iraqi specially designated national is deemed equivalent to doing business with the Iraqi government. This brings them under the embargo and assets freeze put in place last August by President Bush.

Of the 52 companies, 31 are named as being based in Britain, as are 13 of the 37 individuals. A number of continental European subsidiaries of UK companies are also named.

The list has been compiled following seven months of investigation to uncover hidden assets owned by Iraq and by President Saddam Hussein.

The US Treasury is seeking cooperation from other western governments in freezing the assets of those listed.

Those named under an order from the Treasury's Office of Foreign Assets Control are now considered "specially designated nationals," or agents of the Iraqi government. This brings them under the embargo and assets freeze put in place last August by President Bush.

Continued on Page 18

Output forecasts raise hopes of trough in British recession

By Peter Marsh, Economics Staff, in London

EXPECTATIONS about output levels by British manufacturers have improved for the first time in eight months, according to a survey published today by the Confederation of British Industry, the employers' organisation.

The survey is among the first signs that the UK recession is close to reaching a trough, even though it indicates that business confidence remains extremely weak.

The report contains good news for the government on inflation, saying that fewer manufacturers expect to raise prices than at any time since the CBI began its surveys 16 years ago.

Another report published today, from Dun & Bradstreet, the business information group, warns that the recession is likely to lead to the collapse of more than 40,000 businesses this year in England and Wales.

In the first three months of the year, nearly 8,000 businesses failed, the highest rate

since Dun & Bradstreet started keeping records in 1980.

About 25,000 businesses collapsed last year, an increase of 35 per cent on 1989. Dun & Bradstreet says the increase in failures has been "disconcertingly rapid" and criticises many businesses for failing to apply basic disciplines.

In the latest of the CBI's monthly surveys, 37 per cent of companies said they expected output volumes to decline in the next four months, compared with 18 per cent predicting output would improve. The balance of 24 per cent expecting a downturn represented a less pessimistic stance than in the CBI's February survey, when 36 per cent predicted lower production.

The latest survey is the first since August last year in which companies have expressed a more optimistic view about production. Between July and August 1990, the balance of companies expecting output to decline went down from 5 per cent to 3

per cent. In April last year, a balance of 1 per cent expected production to rise.

Mr John Banham, director general of the CBI, said that the bottom of the recession "might be in sight". But he warned that "times are still very difficult for a very large number of businesses".

In the CBI survey, 1,422 companies answered questions on their business prospects between February 27 and March 20, roughly coinciding with the period between the end of the Gulf war and the UK budget. The outlook for order books improved slightly compared with February while prospects for exports worsened.

A balance of 4 per cent of companies said they expected to increase prices on domestic orders, compared with 6 per cent in February. This indicates that many companies are finding the recession so difficult that they are desperate to keep prices low. Profits revival, Page 8

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China and the UK: Hurd seeks to revive relations with Peking. Page 6

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UK training councils: Conceived in good times, born in bad. Page 16

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FT SURVEYS THIS WEEK

WEDNESDAY

European building and construction: the upsurge in the late 1980s has now slowed in the face of economic downturn.

French regional survey: the Rhône-Alpes - seeking a stronger identity.

THURSDAY

Factoring: a growing industry as businesses seek to ensure speedier cash-flows.

FRIDAY

Latin American finance: cautious optimism follows signs of improvement.

The Channel Tunnel is Europe's largest transport project.

Above: the main tunnel takes shape. (Tomorrow's survey, see details, right.)

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INTERNATIONAL NEWS

EUROPE IN BRIEF



Olympic Airways to cut salary costs

OLYMPIC Airways, the Greek state carrier, yesterday laid off 1,500 employees for three months on half pay under a plan to cut salary costs by Dr26m (\$34m) this year, writes Kerin Hope in Athens. The company said the remaining 9,000 ground staff would be laid off in stages for between one and three months once the summer tourist season ended. Pilots and cabin crews will not be affected after agreeing to take cuts in overtime and to forego privileges such as discounted fares for family members. Olympic faces severe financial problems, with operating losses for 1990 estimated at a record Dr26m. The Gulf war is thought to have cost it about Dr18m because of higher fuel costs and a 45 per cent drop in passenger traffic for the first quarter. Last week the airline announced the sale of a 49 per cent stake in its loss-making in-flight meals subsidiary, Olympic Catering, to a Dutch-based affiliate of the Abela group.

Romanians face big price rises

Romanians faced up to their biggest food price rises in almost half a century yesterday with a mixture of anger and grudging acceptance, Reuters reports from Bucharest. Staples such as bread, eggs and meat doubled in price with the ending of four decades of subsidies. The government has tried to cushion the blow through cash handouts, partial

indexation of wages to prices, and temporary upper limits on the price increases. The price rises were accompanied by introduction of a progressive individual income tax yesterday with rates ranging from 6 to 45 per cent. Under the old command economy the state did not tax the individual directly but levied taxes on enterprises. The government has also set minimum monthly pre-tax wages of 4,675 lei (\$78 at the new official exchange rate of 60 lei to the dollar) for April and 5,975 lei for May.

Madrid hosts CSCE talks

Politicians from 34 European countries, the US and Canada began talks in Madrid yesterday on plans for a new parliamentary assembly for the conference on Security and Co-operation in Europe (CSCE). Reuters reports from Madrid. In a three-day meeting, about 400 politicians will seek consensus on the structure of the new assembly, agreed upon in the Charter of Paris for a New Europe signed at the CSCE summit in Paris last November. The meeting will have to decide whether the assembly should have a permanent location and how it should function. The 25-member Council of Europe, based in Strasbourg, has suggested sitting the CSCE there.

80,000 Germans march in rallies

About 80,000 Germans took part in traditional Easter weekend peace demonstrations, far fewer than in previous years because of apathy induced by the Gulf war and the end of East-West conflict, Reuters reports from Berlin.

Turnout was particularly low in eastern Germany where most people are preoccupied with mass unemployment in the transition to a market economy.

Germany, with its militarist past, has long had a stronger pacifist movement than elsewhere in Europe. Hundreds of thousands of Germans have demonstrated on previous Easter weekends.

Appeals to join Easter rallies had less resonance this year because of the Gulf War in which U.S.-led multinational forces ousted Iraq quickly from occupied Kuwait.

Argentina starts to make harsh adjustment

By John Barham
in Buenos Aires

ARGENTINA yesterday began to implement its toughest adjustment programme yet, amid guarded optimism that the country may have found a solution at last to its intractable economic problems.

Legislation came into force making the currency convertible, banning indexation, opening the domestic market further to imports, and forbidding the government from printing money to cover its budget deficit.

The average import tariff fell to 9.4 per cent, from 22 per cent, and duties that gave added protection to certain industries were also abolished. The business lobby had fought in black these changes. Imports and the fixed exchange rate may force Argentina's obsolescent companies to raise productivity.

Since the policies were announced 10 days ago, interest rates have fallen steeply, equities have climbed by more than 50 per cent and volatile foreign exchange markets have stabilised.

Inflation in March has been halved, from 27 per cent in February. The government hopes price stability and low-interest credit will lift the economy.

One businessman said: "We expect some recovery in 80 days and convertibility to succeed in the short run. We are increasing credit terms to our clients and we do not expect to increase our prices."

This is President Carlos Menem's fourth adjustment programme since he took office in July 1989.

Mr Domingo Cavallo, economy minister, vigorously denies that his policies are intended to revive the government's flagging prospects in mid-term Congressional elections, due in September.

Like its predecessors, his plan hinges on balancing the budget. If the minister succeeds where his forerunners failed, his status as leading minister will grow. Aides are already suggesting that Mr Cavallo will be a strong contender to succeed Mr Menem when his term ends in 1995.

Mr Alia will remain president for the foreseeable future. But it is as yet unclear when the new, communist-dominated government will be formed. Despite its relative success,

Survey boosts US recovery prospects

By Peter Riddell, US Editor in Washington

THE US economy continued to decline last month, but at a slower rate than during the winter, underpinning hopes that the low point of the recession may be near.

The widely watched monthly business survey of purchasing managers yesterday reinforced other recent optimistic indicators such as consumer confidence, new orders, housing starts and sales and building permits.

However, leading US corporations such as IBM and the Big Three Detroit motor companies have been shedding labour and the employment outlook remains gloomy in the short term.

The purchasing managers' index rose to 40 in March from 38.5 previously, the second monthly rise in a row.

While a reading below 50 indicates that the manufacturing economy is generally declining - as it has since last September - the rises in the index in February and March suggest that the worst of the downward trend may have been seen in January.

Mr Robert Bretz, chairman of the National Association of Purchasing Management's business survey committee and director of corporate purchasing at Pitney Bowes, the office equipment company, noted that the overall position had improved significantly since January even though the new

orders index was still negative. He concluded that "the light at the end of the tunnel got a little brighter in March and the economy is clearly moving in the right direction."

The inflation outlook appears to be much brighter. By a margin of almost four to one, more purchasers report paying lower than higher prices last month.

The inflation index is now at the lowest level registered since November 1982, the trough of the last recession.

In detail, the rate of decline of production also appears to be slowing, while new export orders remain buoyant. Companies report relative ease in obtaining products with a

decreasing number of items in short supply. Stock/inventory levels have dropped for the 28th month running.

These points, coupled with other recent indicators, suggest that while economic activity is still declining, the turning point may be near. Some time in the April-to-June quarter. However, the pace of recovery is much less certain. In part because the recession has been relatively mild and because of continuing problems in the property and banking sectors.

US construction spending fell in February by 0.1 per cent to a seasonally adjusted \$395.1bn annual rate, the lowest level since April 1986.

Hardliners may now call the political shots in Albania

THE VICTORY of Albania's ruling Communists in multi-party elections on Sunday is likely to plunge the Balkan country into an even more uncertain and unstable future.

It had been hoped that the elections would break the hold of Albania's communist Party of Labour (APL), and push Europe's poorest country out of its isolation.

But the success of five of the party's hardliners, combined with the defeat of more moderate APL candidates, could jeopardise much-needed economic and political reforms.

"The elections should have helped Albania to enter Europe. Instead, we are faced with a rather frightening scenario plummeting Albania back into the days when the hardliners called the shots," said a diplomat based in Tirana.

The defeat of several APL leaders, including Mr Ramiz Alia, the president, could mean a loss of influence by the moderates who have been instrumental in shaping the country's recent economic and political reforms. The moderates will no longer be represented in parliament or the government.

Mr Alia will remain president for the foreseeable future. But it is as yet unclear when the new, communist-dominated government will be formed.

Despite its relative success, the opposition yesterday ruled out joining a coalition government with the Communists who rigidly controlled Albania's 3.2m population for over four decades.

The elections may have ushered in a period of instability which could jeopardise economic and political reforms, writes Laura Silber

Mr Sali Berisha, president of the Democratic Party, who won an unconfirmed 90 per cent of the vote in the central town of Kavaje, a strong centre for the opposition, said: "Morally, we are the winners. This is the real end of communism in Albania."

But he added: "The Communists will hold a congress in two months, where splits will emerge. They will quarrel and be unable to govern, which will force fresh elections."

Given the short time in which the election campaign was organised, the Democratic Party, the largest of the opposition movements, did remarkably well. It won about 34 per cent of the poll, largely by mopping up the vote in the cities and large towns.

Mr Alia and several other APL candidates lost despite standing in Tirana's most privileged electoral districts, an indication that the party has lost control of the bureaucracy and intellectuals in Albania.

The elections, which mark the beginning of Albania's attempts to heal old scores among sections of the population, could have the opposite effect by leading to unrest in poorer parts of the cities.

Workers living in industrial centres are tired of severe economic deprivation and are growing impatient with Albania's cautious road to reform.

The victory of the communist hardliners could even further polarise the country. The Communists reluctantly held the elections in an effort to gain the western stamp of approval and also in an attempt to secure foreign aid. Not all the foreign observers were happy with the way the vote had been conducted.

"The presence of foreign observers and journalists was used to give the veneer of respectability to the Communist party," said Lord Nicholas Bethell, a member of the European Parliament, who had been invited to Albania by the Democratic Party. "Official observers have been manipulated to appear to the public to support the dictatorship."

Mitchell rules out early bid for president

SENATOR George Mitchell, the Democratic majority leader, would like to be US president but has no plans to run next year, he said in a weekend television interview, writes Peter Riddell.

The last Senate majority leader in seek the presidency was Lyndon Johnson in 1960.

Senator Mitchell, who has been a thorn in the side of President George Bush, said he had made no decision beyond 1992, when he would not be a candidate.

He said he was still learning the position of majority leader which he took over at the end of 1988 and thought he could best serve in that post and as a senator from Maine (he is up for re-election in 1994).

While the Democratic presidential race remains low key by comparison with past contests, partly because of the commanding opinion poll lead of Mr Bush for the Republicans, it has begun to stir. Governor Douglas Wilder of Virginia, the first black elected governor, announced last week that he is considering running and is setting up an exploratory committee, a move which undermines the position of Mr Jesse Jackson.

The only other Democrats who have made tentative moves are former Senator Paul Tsongas from Massachusetts and Mr George McGovern who was heavily beaten in 1972.

Peru minister resigns amid criticism

PERUVIAN Interior Minister General Adolfo Alvarado, widely criticised for setbacks in the anti-guerrilla war and alleged human rights abuses, has resigned, Reuters reports from Lima.

A spokeswoman said President Alberto Fujimori had accepted Mr Alvarado's resignation late on Sunday. He will be replaced by army General Victor Malca, commander of the northern region of Piura.

Mr Alvarado had been interior minister since Mr Fujimori took office in July 1990.

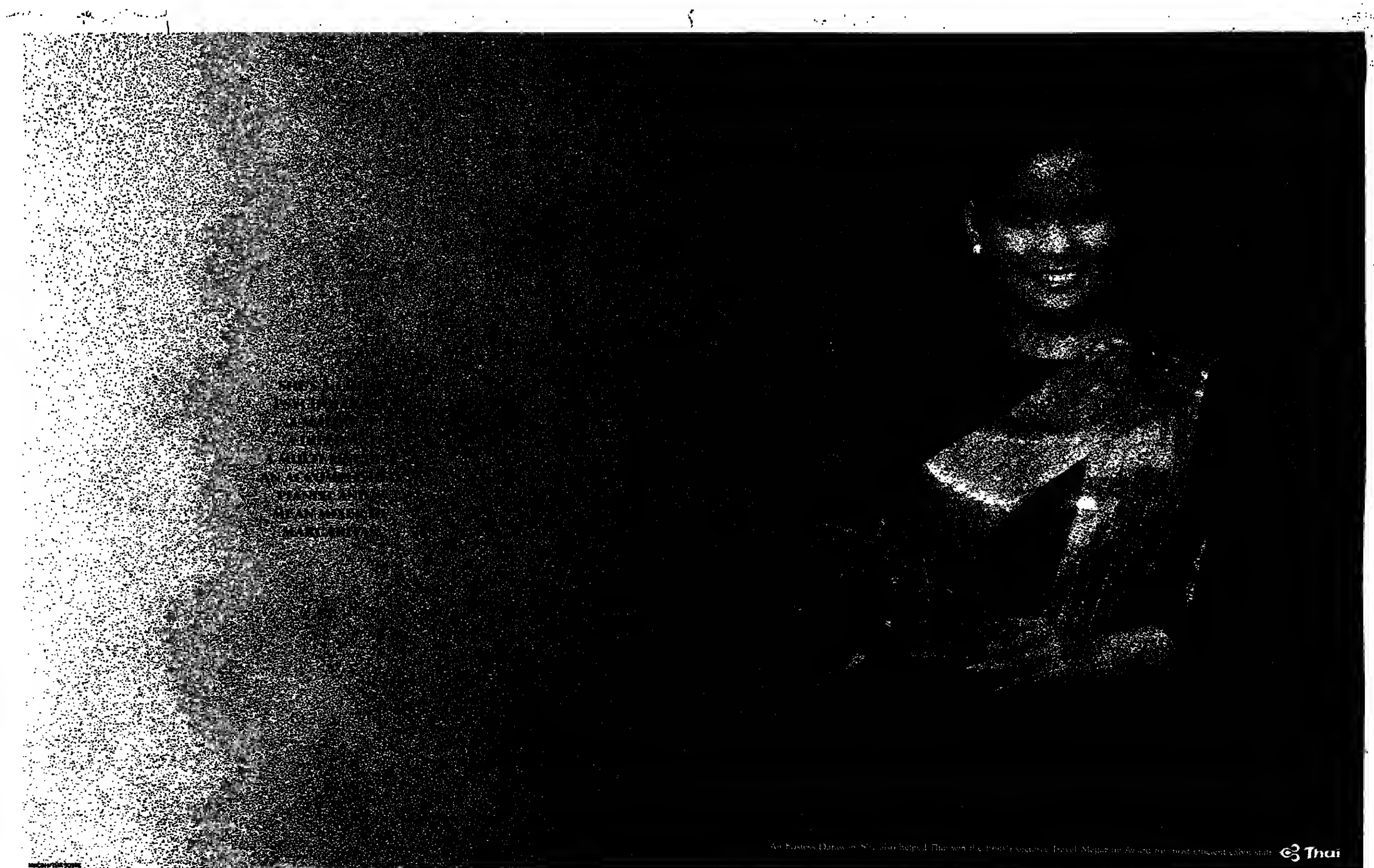
Calls for Mr Alvarado's resignation increased after the recent escape of a leftist guerrilla leader in which two police officers were shot dead.

Human rights groups renewed calls for Mr Alvarado to quit after a letter bomb ripped through the offices of the National Human Rights Commission, severely wounding a legal adviser. The type of bomb used had not been seen in guerrilla attacks but the police are known to possess them. Mr Alvarado has denied police were waging a "dirty war" against human rights campaigners.

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An Eastern European city, possibly Ljubljana, the seat of the country's republic. Travel Magazine Award for best airport city in 1990.

Thai

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14

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Georgians flock to vote for independence

By John Lloyd in Moscow

THE leaders of the Soviet republic of Georgia have obtained an overwhelming vote in favour of complete independence from the Soviet Union.

Early returns in Sunday's republican referendum, drawn from half the polling stations, showed a turnout of 95.5 per cent and a vote for independence of 99.4 per cent. The republic has a population of 5.5m and an electorate of 3.4m.

Mr Guja Klundadze, a spokesman for the Georgian parliament, said: "It will be very difficult now for [President Mikhail] Gorbachev to keep Georgia in the Soviet Union. We might be the first ones to leave."

The sweeping mandate for independence was marred, however, by reports that Georgia's South Ossetian minority was coming under increasingly savage attack from Georgian militants. Georgia is one of six union republics - with Armenia, Estonia, Latvia, Lithuania and Moldavia - which now claims complete independence. All face battles with their own minorities - most of which seek to remain part of the Soviet Union or of Russia.

Radical deputies said yesterday they might try to force dissolution of the Russian Federation parliament if it refused to create a directly-elected presidency and thus bolster the power of Mr Boris Yeltsin, the Russian leader, Reuter reports from Moscow.

The Democratic Russia group said it was determined a current special meeting of the Congress of People's Deputies should endorse the presidential post which was approved last month in a referendum but has been blocked by conservatives.

but the South Ossetian conflict in Georgia is the most acute. Fighting in South Ossetia has escalated since it unilaterally upgraded itself last December to an autonomous republic, only to be faced with the abolition of its official status as an autonomous region by the Georgian authorities.

Reports in the Soviet press and by the official Tass news agency have painted a lurid picture of a blockade of the South Ossetian capital Tskhinvali, constant firing at night on

residential areas, 200 gravely wounded people in the small local hospital and a daily flow of 1,000 Ossetian refugees out of Georgia.

In a telegram to Mr Zviad Gamsakurdia, the Georgian president, on Saturday, Mr Gorbachev called for measures to be taken "without delay to stop the bloodshed, put an end to the actions of the guerrillas, suppress their plans to seize and destroy settlements and to start negotiations".

Mr Gorbachev has so far resisted calls from the South Ossetians, the military and hardliners to impose presidential rule on the South Ossetian region. The worsening situation may now force his hand.

Mr Gamsakurdia has begun the formation of an armed national guard for the republic and is appointing district prefects to take over from Communist party secretaries.

Last week he called for immediate negotiations with Moscow on the withdrawal of Soviet troops, an application to enter the United Nations as an independent state and recognition of its status by the international community.

Tajiks find rise in bread prices hard to swallow

Jo Carley reports on a sense of betrayal in Dushanbe, Tajikistan

MR ABDUL JANOV, minister for bread in Soviet Tajikistan, is a man with a heavy mission. In recent months he has struggled with the unenviable task of trying to persuade people in the central Asian republic of the need to reform state prices for their highly prized bread.

"The pricing system has been completely crazy up till now," he said wearily. "Bread has been so cheap that central Asians have been feeding it to their dogs."

Although his demands for reform will be met today, when Tajikistan moves to implement Moscow's price reforms, his attempts to win over local people have largely failed. Most Tajiks have been panic-stricken by news that their hefty 50 kilo sacks of flour will be rising in price from Rb13 (24) a sack to Rb40 (213.30).

The Tajik government's decision to implement the reforms at all has been regarded by many Tajiks as betrayal. In recent months, both the Tajik president, Kakhkar Makhkamov, and the neighbouring Uzbek president, Islam Karimov, have repeatedly promised their nervous populations that the price of essential food would not be raised.

But in spite of populist rhetoric, hard economics has forced the hand of both the Uzbek and Tajik governments. Though Moscow has ruled that the republics can set their own prices for some commodities, most Tajik economists now accept that any attempt to revolt over the prices of staples like flour would be tantamount to economic suicide.

The key reason is that Tajikistan's impoverished budget, kept afloat only by large grants from Moscow, simply could not meet the bill for subsidies. Last year, for example, subsidies on the 1.5m tonnes of grain which Tajikistan imported from other republics amounted to some Rb500m. Although Moscow has been footing most of the bill for this in the past, according to Moscow decrees at the beginning of the year, subsidies should now be met by the republics themselves - something which Tajikistan, whose total budget last year was only Rb3.5m, clearly cannot do.

But these sums cut little ice with most of Tajikistan's rural population. Bread prices have long been an emotive issue in central Asia. Not only does bread play a central role in the diet and culture of Tajiks and Uzbeks, but it is also one of the few commodities sold almost exclusively through the state system. So although the Tajiks have been contending with rises in the price of meat, vegetables and cloth in the thriving

local bazaars for many months, they have not been faced with a change in the price of flour for nearly 40 years.

"Raising the price of bread is an attack on the very soul of the Tajiks," a Tajik villager said recently, reflecting widespread anger. "It's a betrayal of everything that our government ever stood for."

There is limited faith in the system of social benefits introduced to soften the blow of price rises. Although most villagers expect to get at least an extra Rb80 a month in their pay packets, those officially considered unemployed will not get any benefits. An announcement that has provoked considerable resentment, since the official unemployment rates are rapidly rising across the central Asian republics. (But many registered unemployed are in fact busy in the black market or private sector.)

Anger over bread price reform has been balanced by a surprisingly muted reaction to many other price reforms. The reason is that in recent years central Asians have become increasingly dependant on thriving private markets for food supplies rather than state shops. These shops are not only badly stocked but also tend to have commodities the Tajiks rarely buy. It is common to find village shops lined with boxes of ancient tinned sprats, which distant central planners once decreed should be delivered, in spite of Tajiks' aversion to tinned fish.

Similarly, news that state meat prices will be tripled has provoked surprisingly little reaction. "We hardly ever get meat in the shops here anyway," a shopkeeper said recently. "And when we do, most Tajiks won't buy it anyway because it's not *halal*" - meaning it has not been slaughtered according to Islamic prescriptions.

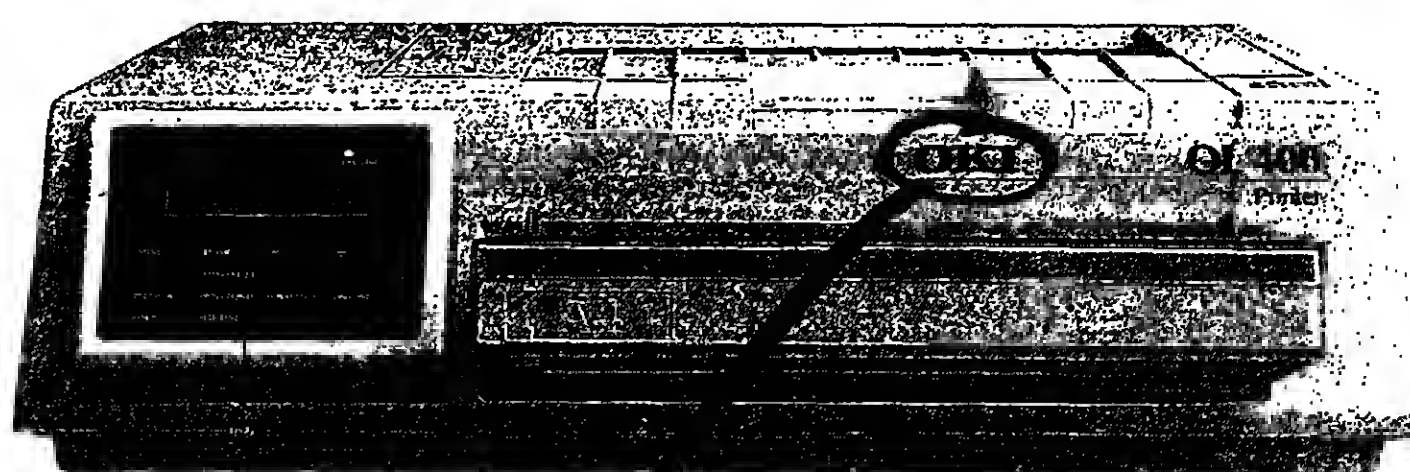
There is generally as much, if not more, concern over spiralling meat prices in the local bazaars, now at Rb15 a kilo. This is only a quarter of the prices in the Moscow markets, as most Tajiks are snugly aware. And the array of locally grown fruit and vegetables would still dazzle the average Russian housewife. But nevertheless, this does little to assuage mounting fears of price rises.

"We used to think that if we couldn't afford meat, at least we could still buy lots of bread," commented the same shopkeeper. "But if we have to think twice about buying our bread, that's when we'll really panic about these so-called market reforms."



Demonstrators hold portraits of Russian leader Boris Yeltsin during a weekend rally in Leningrad

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INTERNATIONAL NEWS

Bush rejects calls for US intervention in Iraq

By Peter Riddell, US Editor in Washington

THE Bush administration is sticking to its policy of refusing to intervene in the Iraqi civil war in spite of increasing reports of heavy casualties among the rebels and calls by leading Democrats for the US to shoot down helicopters attacking civilians.

The interim truce agreement between US and Iraqi military commanders four weeks ago specifically ruled out flights by fixed-wing combat aircraft - two of which have been shot down - but was ambiguous about the use of helicopters. The US has said it will only shoot down helicopters if they threaten allied forces occupying southern Iraq.

However, helicopters have been used to attack rebel groups within Iraq, prompting calls from both a number of prominent columnists and some congressmen for action by the US.

While generally hailing the administration's non-interventionist policy, Senator George Mitchell, the Democratic majority leader, said he wished the US would enforce the original policy of not permitting any aircraft, fixed-wing or helicopters, to operate against the rebels.

He said the Iraqis had clearly gone far beyond the permitted exception of the ferrying of Iraqi government officials by helicopter within the country, so the administration's original policy should be enforced.

Similarly, Congressman Lee Hamilton, Democratic chairman of the House sub-committee on Europe and the Middle East, said the helicopters "are now creating a blood bath there" and should be stopped.

Both Senator Mitchell and Congressman Hamilton opposed Mr Bush's decision to go to war in mid-January. On being informed of the senator's views, the president dismissively remarked "always glad to have his opinion; glad to hear from him."

The current intention is that the US will pull its troops out of southern Iraq as soon as a formal United Nations ceasefire resolution is approved and a multinational peacekeeping force is in place.

The New York Times reported yesterday that the US army plans within two weeks to withdraw 20,000 of its 80,000 to 100,000 troops in southern Iraq, mainly armoured units.

US Central Command in Riyadh said the bulk of the troops in Iraq would leave after the formal approval of the ceasefire.

So far 180,000 US troops have left the Gulf. There were 540,000 troops there when fighting ended in late February.

Reuter adds from Damascus: Kurdish guerrillas have complained that President Bush urged them to rebel against Saddam Hussein and then did nothing to help them.

The US decision to halt the ground offensive last month allowed Republican Guard units to flee north with scores of tanks and artillery pieces later used to crush internal dissent.

Diplomats in Damascus said President Bush had wanted to avoid being accused of interfering Iraq's internal affairs. "The Europeans may have sympathy for the Kurds but only the Americans could help them."

They said the US also feared instability in the region from a pro-Iran Shia state in southern Iraq, while Turkey, which has a large Kurdish minority, would not permit any nascent Kurdish state in northern Iraq.



Two US black Muslim sailors yesterday denied attempting to sabotage an aircraft carrier in support of Iraq during the Gulf war, writes Greg Hutchinson.

Airman apprentice Abdul Shaheed, 22, (pictured left) and seaman apprentice James Moss, 21, who face court martial, denied urging shipmates to take their captain hostage and to sabotage the USS Ranger's aircraft catapult.

The charges allege the two men "attempted to cause bombardment, disability, mutiny or refusal of duty," doing so "in support of Saddam Hussein's war against the United States".

At a news conference at the US Subic Bay naval base in the Philippines Seaman Moss, from Columbus, Ohio, said he had always opposed Saddam Hussein, Iraq and war in general. He had sought conscientious objector status before the charges had been laid.

Airman Shaheed, from New York, said he was being victimised for being a Muslim.

He said he was arrested while praying aboard the ship, which actively participated in Operation Desert Storm, the night the war started in January. "I am a quiet guy who likes to keep to myself and pray a lot. I never stopped doing my job and I did nothing but pray for a peaceful solution to the war."

"The only reason I am here before you today," Airman Shaheed told the media, "is because some people on my ship and I guess some back in the US preferred to think that all Muslims are evil. They do not understand Islam, and instead equate all Muslims with Saddam Hussein and his ruthless acts."

Saddam's army blasts Kurds' dreams to dust

By Tony Walker, Middle East Correspondent, in Nicotia and agencies

"THE sectarian sedition has breathed its last breath," Iraq's new prime minister, Mr Saddam Hammadi said at the weekend after announcing that regular army units had retaken the oil town of Kirkuk and the key regional centres of Dohuk and Irbil.

Kurdish rebel leaders' claims that they are resisting the loyalist onslaught against their command posts sound increasingly forlorn.

Indeed, President Saddam's forces appear now to have reversed the greatest gains of the decade-long Kurdish rebellion - the capture of three major cities in the Kurdish homeland of northern Iraq.

The government proved its control over Iraq's third city, Kirkuk, by taking reporters on a tour of the battle-ravaged city.

Turkey's semi-official Anadolu news agency reported that government troops had recaptured the Habur border post. Habur, the only border crossing between the two countries, had been seized after intense fighting with Kurds who had held it for about two weeks.

From Tehran, the official Iraqi News Agency claimed loyalist troops yesterday seized control of Zakho, a town almost on the Turkish border. But there was no independent verification.

The Kurds, non-Arab Sunni Muslims who account for about 20 per cent of Iraq's 18m people, took advantage of the disarray in Iraq after the Gulf war to press their longstanding demands for autonomy.

With the rout of the Iraqi army in the south, they swiftly seized control of a wide swathe of the north and occupied key towns such as Kirkuk, at the centre of Iraq's main oil-producing province, and Irbil and Dohuk.

But despite their determination to free their homeland the lightly armed guerrillas were no match for the tanks, artillery and helicopter gunships of the Iraqi army. Baghdad's onslaught against the Kurdish rebels in the north follows its bloody suppression of an uprising in the predominantly Shia Muslim southern region of Iraq in which many thousands were reported killed.

Iraqi Shia leaders say their insurrection is continuing, but they have switched to "hit-and-run" guerrilla tactics from bases in the countryside. It seems Shia rebels plan to avoid pitched battles in population centres where ruthless use of heavy armour and helicopters by regular troops killed many thousands of rebels and civilians.

Apparent loyalist successes in efforts to bring the southern and northern rebellions under a semblance of control may have given President Saddam a momentary breathing space, but his country remains bankrupt with much of its infrastructure destroyed.

The UN is maintaining sanctions against Iraq until it complies with tough ceasefire demands, and agrees to a share of its oil revenues being used to pay reparations to Kuwait and other states and individuals.

President Saddam despatched some of his closest associates to northern Iraq to oversee efforts to put down the Kurdish revolt. The relatively high profile of the Iraqi leadership in this latest crisis stands in marked contrast to its performance during the Gulf war when it "disappeared" for days.

Kurdish leaders have expressed dismay over the fall of the US-led anti-Iraq coalition to come to their aid. But the US seems committed to avoid involvement in Iraq's internal strife.

"We're not going to take a position," White House spokesman Martin Fitzwater said last week. "You can find scenarios that say inaction helps the Kurds, helps the Shites, helps Iran, helps Saddam, helps everybody. We simply aren't going to take a position."

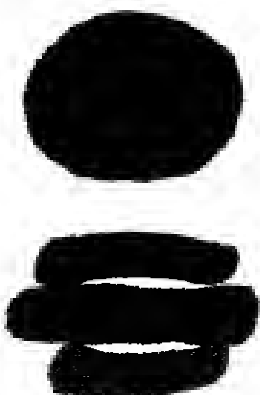
● Egyptian President Hosni Mubarak said after meeting Syrian leader Hafez al-Assad yesterday that an international peace conference on the Middle East was essential but did not need to take place immediately.

Egypt and Syria have long been at odds on the Arab-Israeli dispute, but a new-found rapport between Cairo and Damascus has been cemented by their membership of the US-led coalition that forced Iraq out of Kuwait.

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President of Benin stands down

Benin's President Mathieu Kerekou has accepted defeat in elections, easing fear in the West African state that he might try to cling to power.

Mr Kerekou, whose silence since his defeat provoked fear he might refuse to stand down, urged Beninese to back the new president, Nicéphore Soglo.

Mr Kerekou took power in a 1972 coup. He is the first mainland African president voted out of office.

Imelda Marcos faces \$350m suit

The Philippines will file up to seven criminal cases against the widow of former president Ferdinand Marcos to recover \$350m from Swiss banks, Reuter reports from Manila.

The cases may involve fraudulent tax returns, unexplained wealth accumulated during the Marcoses' 20 years in power and alleged illegal funneling of millions of dollars out of the country.

A Swiss court has said Manila must file criminal charges against Mrs Marcos as a condition for returning the Swiss bank deposits.

New Zealand cuts welfare benefits

New Zealand's conservative government cut unemployment and sickness benefits by up to a quarter yesterday, saying the jobless must be coaxed back to work. Reuter reports from Wellington.

The cuts have sparked protests, including from within the ruling National Party. Critics say there are no jobs to go to.

But Social Welfare Minister Jenny Shipley said too many were earning so much on the dole there was little incentive to seek work.

British Columbia premier to quit

British Columbia's scandal-plagued premier, a former flower bulb salesman who has compared himself to Jesus Christ, said on Good Friday he planned to resign. Reuter reports from Vancouver.

Bill Vander Zalm faces conflict-of-interest allegations over the sale of his Fantasy Garden World theme park.

Israel's new military chief

By Hugh Carmoy in Jerusalem

A FORMER commander with an arsenal of military and academic qualifications took over as chief of staff of the Israeli Defence Forces yesterday, a move that coincided with new government efforts to tighten security in the occupied territories.

Li-Gen Ehud Barak, one of the IDF's most lionised officers, succeeded Lt-Gen Dan Shomron as chief of staff, the most important post in Israel after the prime minister, defence minister and foreign minister, at a critical juncture for the army.

It continues to struggle with the 40-month-old Palestinian uprising, or intifada, in the West Bank and Gaza Strip. The IDF is also contemplating the strategic implications of the Gulf war which saw the threat from Iraq dismantled, but during which Israel was attacked by long-range surface-to-surface missiles for the first time.

Gen Barak, 49, comes, like many senior IDF officers, from the Kibbutz movement. His record includes war service as a tank commander and a spell as IDF intelligence chief. He is credited with participation in a number of spectacular commando missions, including directing the assassination in Tunis in 1988 of Khalil al-Wazir, the Palestine Liberation Organisation's military chief.

He has university degrees in physics, mathematics and systems analysis.

His most immediate problem will be the intifada, which dominated Gen Shomron's five-year tenure, occasionally causing friction between the IDF and the government as the army warned that force alone could not quell the unrest.

On Sunday, in an effort to curb a spate of stabbings of Israelis by Palestinians, the hardline government of Mr Yitzhak Shamir, agreed to expel Arabs believed to have incited violence, continuing a policy of demolishing or sealing homes of those involved in violence and to tighten controls on Palestinians allowed to enter Israel.

One measure will be to crack down on Israeli employers who hire Palestinians without work permits. This is likely to exacerbate economic hardship in the West Bank and Gaza as about two-thirds of the 110,000 Palestinians working in Israel are unlicensed.

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INTERNATIONAL NEWS

Hurd seeks to revive relations with Peking

By Robert Mauthner, Diplomatic Correspondent

MR DOUGLAS HURD, British foreign secretary, is aiming to breathe new life into British-Chinese relations, half-stifled in an atmosphere of mutual suspicion since the violent suppression of pro-democracy demonstrations in Peking in 1989.

He is due to begin talks in Peking on Thursday with senior Chinese government officials, including foreign minister Qian Qichen, and Lu Ping, head of the Hong Kong and Macao affairs office in Peking.

Mr Hurd is anxious that the transfer to China of sovereignty over Hong Kong should occur in the best possible conditions.

The secretary's immediate aim is to reactivate the Joint Liaison Group, set up under the 1984 agreement between Britain and China as a forum for consultations on the transition of the colony to Chinese administration, from 1997.

Since the Tiananmen Square demonstrations in June 1989, the work of this group, which began in a constructive climate, has been sluggish, at best.

Yet a large number of problems, not least those related to the legal system of the Special Administrative Region - as Hong Kong is to become -



Hurd: Trouble over a massive airport project and the prospect of a brain drain before China takes control of the Far Eastern colony

remain to be sorted out before the hand-over.

The construction of Hong Kong's new international airport - at an estimated cost of HK\$100bn (£7.1bn), one of the world's largest infrastructure projects - is a particular bone of contention. The scale of the expenditure, of which no more than 40 to 50 per cent is due to come from the private sector, has led Peking to complain that Hong Kong's official reserves will be dangerously run down by the time it takes over.

The project now risks being delayed, given Peking's demands that the colony set aside some HK\$50bn to ensure that its official reserves remain high until 1997.

Mr Hurd will argue, however, that the colony's economy is strong enough to allow both the necessary expenditure on the airport and maintenance of the reserves at a satisfactory level.

The foreign secretary will also have to overcome Peking's persistent suspicions, since the Tiananmen Square events, that Hong Kong is being used as a base for subversive political activities aimed against the Peking regime.

Peking has not recently repeated its attacks against the British government for having offered UK passports to about 50,000 heads of Chinese Hong Kong families. China fears this would lead to a brain drain from the colony, in that the total exodus involved in the initiative is estimated at up to 250,000 people.

However, Chinese officials might well return to this issue during the talks with the foreign secretary.

He is expected to repeat western demands that the Chinese government should respect human rights and allow more freedom of expression, but he will stress that Britain is anxious to resume more normal political and commercial relations with China. He will be able to point to Britain having been using its influence to this end in the European Community.

Malaysian GDP may slip to 8.3% this year

By Lim Siong Hoon in Kuala Lumpur

MALAYSIA'S gross domestic product this year is expected to slip to 8.3 per cent after four years of rising economic growth which touched 10 per cent last year, according to Bank Negara, the central bank, in its annual report.

The bank expects that the economic momentum, touched off by a restructuring of the domestic production base, will carry through to this year though aggregate domestic demand has already slackened from 14.4 per cent in 1990 to 8 per cent in the 1991 forecast.

Excepting government consumption, which is expected to grow by 9.2 per cent because of higher defence expenditure, the growth in all other areas of aggregate demand is expected to weaken further. The changes will be most significant in private investment, expected to fall from 30.3 to 11.1 per cent, and in exports, from 16.6 to 8.5 per cent.

By sector, manufacturing and construction are expanding the fastest at, respectively, 12 per cent and 14.5 per cent in 1991 compared with 18.2 per cent and 16 per cent last year. Manufacturing overtook agriculture for the biggest share of the economy in 1987; this year it will account for 28 per cent of overall GDP.

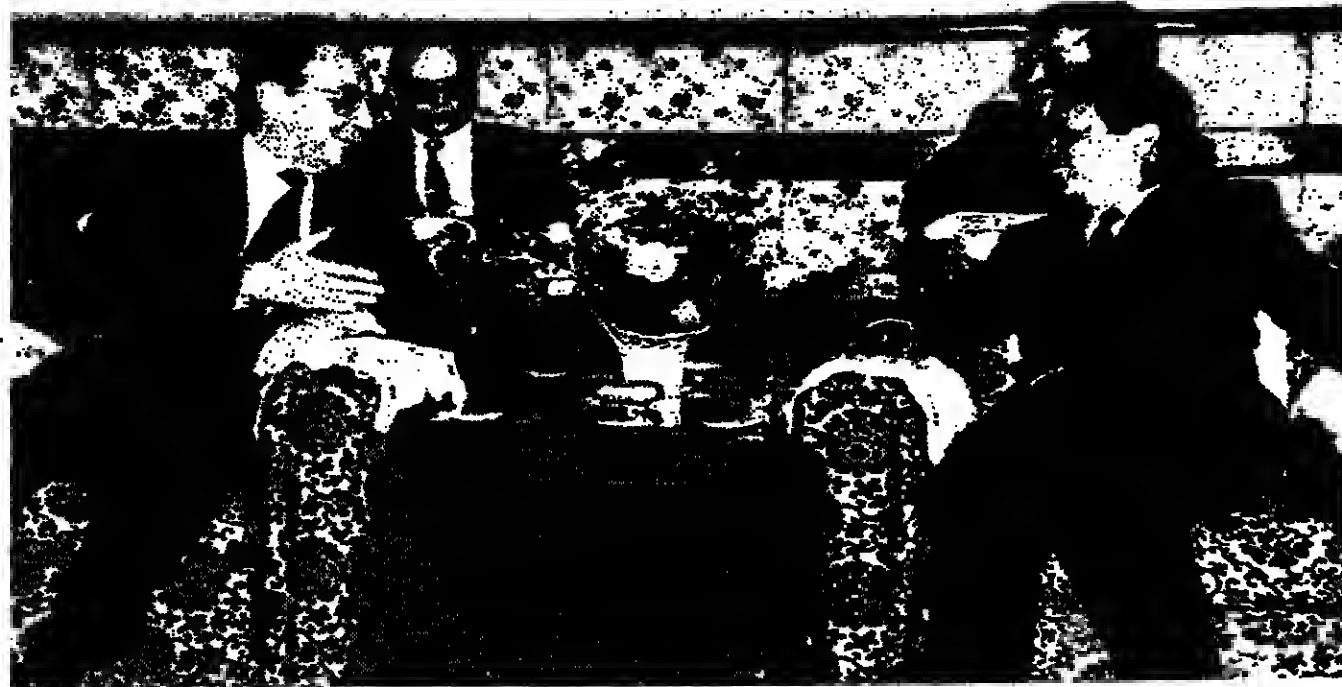
Gross national product in current prices stood at M\$110.2bn (£40bn) in 1990, or M\$94.2bn (£32bn) in 1989, or M\$122.5bn (£42bn) in 1988, or M\$67.6bn (£23bn) in 1987.

Slower economic growth this year, it is hoped, will offer partial relief from price pressures with inflation at more than 6 per cent, according to independent estimates.

Monetary policy, the central bank said, is expected to tighten in gradual stages.

Malaysia's current account balance fell from a M\$421m deficit in 1989 to M\$4.7bn last year, after its merchandise surplus contracted 57 per cent to M\$4.6bn.

However, large capital inflows, because of a higher foreign investment profile, lifted the country's overall balance of payments by 61 per cent to M\$5.4bn.



Soviet foreign minister Alexander Bessmertnykh (left) and his Chinese counterpart Qian Qichen met yesterday to discuss plans for a visit to Moscow next month by the Chinese communist party secretary-general, Jiang Zemin. In Peking, Chinese prime minister Li Peng said yesterday he believed that difficulties in the Soviet Union were only temporary, and that China was hoping stability would soon return. During their talks, Li told Bessmertnykh there was considerable potential for Sino-Soviet economic co-operation.

LDP takes initiative on Kurile Islands

Stefan Wagstyl on a dispute dogging bilateral relations since 1945

WITH only two weeks to go before Mr Mikhail Gorbachev makes his first trip to Japan, Japan's ruling LDP party is busy trying to persuade the Soviet president to settle a territorial dispute which has dogged bilateral relations since 1945.

The argument concerns the Kurile Islands, four islands off northern Japan seized by Soviet soldiers in 1945. Japan has insisted they must be returned before it signs a Second World War peace treaty with Moscow.

The official view of the Japanese government, including the Ministry for Foreign Affairs, is that all four islands must come back to Japan before Tokyo will extend economic aid to Moscow.

But - to the annoyance of some foreign ministry officials - LDP leaders have recently dropped strong hints that Japan's position is negotiable. Japan would accept two islands now, and two at a later date, say the LDP chiefs. Independently of the foreign

ministry, the party has also worked out a detailed package of aid proposals totalling ¥3,000bn (\$21bn). The money would include ¥500bn in emergency loans for buying consumer goods and ¥500bn in credits to cover the cost of moving Soviet troops stationed on the disputed territories.

The rest would come in the

Toshiki Kaifu, the Japanese prime minister.

Some Japanese commentators have made much of the fact that Mr Gorbachev has indicated that he is willing to discuss the territorial issue on his visit to Tokyo. Moscow's previous position was to deny that there was even anything to talk about. But, even on this

The head of Japan's ruling Liberal Democratic Party (LDP) told government and party leaders yesterday that US companies should be included in future economic cooperation projects between Japan and the Soviet Union. Reuter reports from Tokyo. Mr Ichiro Ozawa was quoted by party officials as saying Japan should invite US companies to participate in potential joint economic projects with the Soviet Union.

form of long- and medium-term loans and money for industrial development schemes, including projects aimed at exploiting the natural resources of the Soviet far east.

Mr Ichiro Ozawa, the LDP secretary general, visited Moscow last week to meet Mr Gorbachev, while Mr Alexander Bessmertnykh, the Soviet foreign minister, was in Japan over the weekend and met Mr

agency this week. "If there are shifts in the Japanese position, co-operation will pick up. If there aren't any, we shall continue to live as we have been doing. We have proved that we can live without each other."

Mr Gorbachev is sufficiently tempted by the prospect of Japanese economic co-operation to have asked officials to prepare a list of large-scale projects suitable for Japanese investment. But giving away territory would be a high price to pay - partly because of the military importance of the islands as an advance post in the far east and partly because of the precedent it could set for those wishing to revise other sections of the Soviet Union's post-1945 borders.

Some Soviet citizens also feel that the islands are not Mr Gorbachev's to give away - including Mr Boris Yeltsin, the president of the Russian republic, whose territory includes the disputed territories.

The islanders themselves voted in a referendum last month to stay in the Soviet Union.

Hindu leaders urge support for temple at disputed site

HINDU religious leaders have called on their followers in India's general election next month to support the party committed to the building of a temple on the site of an historic Moslem mosque at Ayodhya, writes K.K. Sharma in New Delhi.

A resolution - adopted by a conclave of Hindu leaders just before a two-day "religious parliament" begins today before a huge rally in New Delhi on Thursday -

in effect, condemns all national political parties and implicitly supports the Hindu revivalist Bharatiya Janata Party (BJP). This constitutes significant political support from Hindu religious leaders in a country where Hindus form nearly 85 per cent of the population.

The BJP last year led a movement for demolition of the mosque at Ayodhya town and the building of the temple to the Hindu God Ram on its site. The movement led to violence and communal tension and there are fears that the resolution could trigger similar events in the next few weeks.

The BJP toppled the National Front government led by Mr V.P. Singh last year when it withdrew support over the temple issue.

Khost garrison falls to rebels

RED CROSS workers arrived in Khost military garrison in south-east Afghanistan yesterday after a mujahideen military victory over the weekend ended 18 days of fighting, western diplomats in Islamabad said, writes Farhan Bokhari in Islamabad.

The report confirms that the military garrison has fallen into mujahideen hands, seen as a major military success and an important land victory for the rebels who have been fighting for Khost for almost 12 years against the Soviet-supported Afghan government.

Pakistan's government sources said the fall of Khost could mark a turning point in the mujahideen struggle. However, there were conflicting views if this would strengthen their resolve to seek a military solution through intensifying their operations.

EUROPEAN PERSPECTIVE

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European Perspective was commissioned by Makinson Cowell, the London-based investor relations consultancy, and the Financial Times.

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MANAGING DIVERSITY
Learns about the benefits of diversity in Britain's workforce
Cumberland Hotel. Chair: Nick Ross. Speakers include Brian Wolfson, Bryan Nicholson, Leonard Peach and Angela Rumbold. Contact: Anne Solomon 071 436 2471.
LONDON

APRIL 11-12
Euro-Labour Markets: The Prospects for Integration.
International Convention Centre, Birmingham.
Government, trade unions and researchers on the impact of the Internal Market on employment & labour markets in the EC. Contact: Caroline Lamber, ECOTVYC Research and Consulting Ltd. Tel: 021 616 1010 Fax: 021 6161 1099.
BIRMINGHAM

APRIL 16
INVESTOR RELATIONS FOR RECESSION AND RECOVERY
Annual conference of the Investor Relations Society, on company/shareholder relations.
Marriott Hotel. Speakers include Sir Ron Dearing, Sir Peter Thompson and Dr Marjorie Mowlam MP. £240 + VAT (not-IRS members).
Contact: Jacqui Lee at PCTB. Tel: 071 284 0470 Fax: 071 485 1005.
LONDON

APRIL 17
Euro Commission's Proposals For Compulsory Environmental Audits.
Analysis of these far-reaching proposals for UK companies. Chair: Lord Clinton-Davis, former EC Environment Commissioner.
Contact: Westminster M'ment Consultants Ltd. Tel: 0483 740730. Fax: 0483 740727.
LONDON

APRIL 23
Lobbying Brussels: A guide For British Businessmen.
An essential briefing for any UK company wanting to influence Euro industrial and trade policy.
Lord Jenkins, Lord Thomson, Lord Aldington and Sir David Hancock participating. Contact: Westminster M'ment Consultants Ltd. Tel: 0483 740730. Fax: 0483 740727.
LONDON

APRIL 25
OIL SUPPLY AND PRICE.
Crises, Politics, Recession and Global Demand Forecasting in uncertain times. Cavendish Conference Centre, W1.
Contact: Caroline Little, Institute of Petroleum. Tel: 071 636 1004 Fax: 071 255 1472
LONDON

APRIL 22 & 23
European Securities Markets in the 90s
Hotel InterContinental, London
Enquiries: Financial Times Conference Organisation
Tel: 071-925 2323
Fax: 071-925 2125
LONDON

APRIL 29 & 30
World Pulp and Paper
Hotel InterContinental, London
Enquiries: Financial Times Conference Organisation
Tel: 071-925 2323
Fax: 071-925 2125
LONDON

MAY 8-10
IAM CONFERENCE:
"Administering Total Quality - Success Through People"
Focussing on maximum utilisation of human resources. A must for Directors and Managers responsible for Quality Management Systems.
Bournemouth Highfield Hotel.
Contact: Lisa Saunders, Institute of Administrative Management. Tel: 0689 873333.
BOURNEMOUTH

MAY 9-10
Know your competitors - Competitor Intelligence & Analysis.
Cafe Royal, London.
Contact: Patricia Donnard, EMP Consultants. Tel: 071-487 5665
LONDON

MAY 16
FOREIGN CURRENCY MORTGAGES.
The Chesterfield Hotel, London W1.
Contact: The Registrations Department, European Study Conferences. Tel: 0536 204224.
LONDON

MAY 15
TRACING ASSETS DERIVING FROM FRAUD & DRUG TRAFFICKING.
The Churchill Hotel, London W1.
Contact: The Registrations Department, European Study Conferences. Tel: 0536 204224.
LONDON

MAY 24
THE CORDLESS OFFICE.
How & How Soon?
Contact: CommEd Publishing. Tel: 071-274 8725
LONDON

JUNE 3-4
THE EMERGING EUROPEAN BOND MARKETS
The Rise of Mediterranean and German Substitute Bonds.
The Forum Hotel, London.
Contact: Louise Ward Hunter or Clare Lewer, Business Research International on 071 637 4383.
LONDON

MAY 30
European Monetary Union in a Turbulent World Economy.
The Grosvenor House Hotel, London. Convened by The Association for the Monetary Union of Europe and The Royal Institute of International Affairs.
Enquiries RIIA Conferences. Tel: 071 930 2233.
Fax: 071 839 3593
LONDON

JUNE 24-25
THE ECU BOND MARKET
Opportunities for Issuers and Investors Examined.
The City Conference Centre, London. Contact: Louise Ward Hunter or Clare Lewer, Business Research International on 071 637 4383.
LONDON

EXHIBITIONS

APRIL 18-21
THE 6TH INTERNATIONAL CONTEMPORARY ART FAIR
The fair attracts nearly 100 galleries from 42 cities in 16 countries. Contact: Joanna Pennell, ART/London 91.
Tel: 071 486 1951.
Fax: 071 224 2719
LONDON OLYMPIA

OVERSEAS

APRIL 17-18
Communication Strategies For A United Europe. 20 speakers from public relations, publishing, journalism and industry discuss internal and external communications, marketing and new technologies. Contact: the Conf Board Registrar.
Tel: (32) 2/217.46.45.
Fax: (32) 2/219.73.02
PARIS

APRIL 15-18
DESALINATION AND WATER RE-USE. A major international conference and exhibition to discuss new and advanced technologies for water treatment. Contact: IChemE Conferences and Courses 0788 578214. Fax: 0788 560833.
MALTA

MAY 13
OPERATING IN GERMANY
Legal, Financial and Tax implications.
The Scandic Crown Hotel, Brussels. Contact: The Registrations Department European Study Conferences. Tel: 0536 204224
BRUSSELS

MAY 15-17
ELEDIS '91 Electronic Data Interchange Systems in Focus. Discussing the organisation's national and international standards and the electronic interchange of data, image and voice. Tel: +39 2 9532102 Fax: +39 2 95343321
MILAN

JUNE 11 & 12
Aerospace and Commercial Aviation in a Rapidly Changing World
Royal Monceau Hotel, Paris. Enquiries: Financial Times Conference Organisation
Tel: 071-925 2323
Fax: 071-925 2125
PARIS

To advertise in this section please call Mark Hall-Smith on 071-873 3580

**Hindu leaders
urge support
for temple at
disputed site**

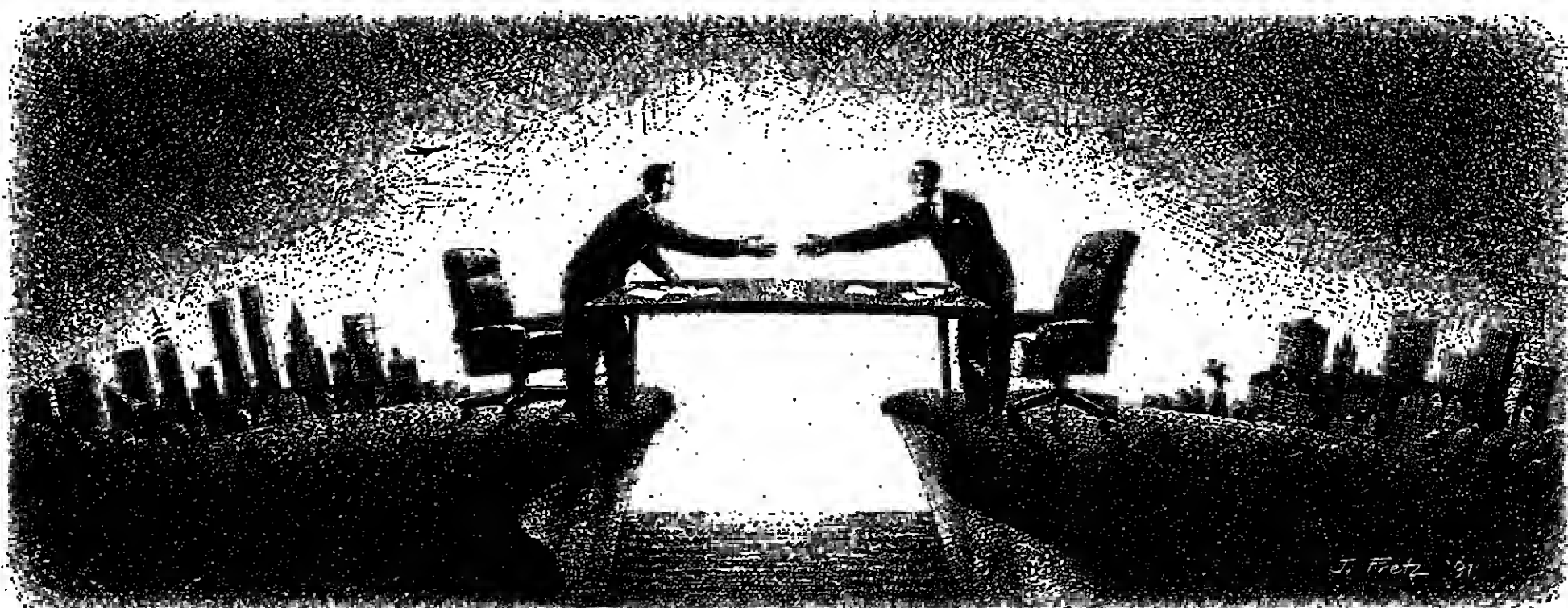
NRI religious leaders have called on their followers to support the temple at the disputed site of the Babri Masjid in Ayodhya. The leaders, who are based in India, have urged their followers to support the temple at the disputed site of the Babri Masjid in Ayodhya. The leaders, who are based in India, have urged their followers to support the temple at the disputed site of the Babri Masjid in Ayodhya.

**Khost garrison
falls to rebels**

UN CROSS workers have been killed in Khost garrison. The garrison has fallen to rebels. The UN CROSS workers have been killed in Khost garrison. The garrison has fallen to rebels. The UN CROSS workers have been killed in Khost garrison. The garrison has fallen to rebels.

There's A Reason You've Never Heard The Expression: "Let's Fax On It"

THE FAX MACHINE IS CERTAINLY A BOON TO BUSINESS. BUT THERE ARE TIMES WHEN THERE'S JUST NO SUBSTITUTE FOR BEING THERE. THAT'S



because there's a lot more to business than business machines. ♦♦ It's important to see the look in the eye as well as the words on the page. To interpret tone of voice as well as confirm facts and data. To discover subtle shades of thought and meaning that unfold during private, unhurried conversation. ♦♦ The value of doing business one-on-one increases with both time and distance. You just can't fax,

phone or video-conference the warmth of a handshake in America. Or the dignity of a deep, formal bow in Japan. Or the trust and camaraderie of an embrace in Europe. ♦♦ Direct, human contact. It's the way business has been done since business began. It's something people everywhere understand and appreciate. Simply put, in this high-tech world, being there is more important than ever before.

SOMETIMES THERE'S NO SUBSTITUTE FOR BEING THERE.

BOEING

CES

EXHIBITIONS

APRIL 18-21
THE 10TH INTERNATIONAL
CONFERENCE ON
TEMPERATURE MEASUREMENT
AND CONTROL
The conference will be held
at the Hilton Hotel, London.
For more information, contact
the British Standards Institution
at 389 Chiswick, London W6 0AL.
Tel: 0181 996 9000.
Fax: 0181 996 9001.

LONDON CLIMB

OVERSEAS

APRIL 17-18
COMMUNICATIONS IN THE
EUROPEAN UNION
The conference will be held
at the Hilton Hotel, London.
For more information, contact
the British Standards Institution
at 389 Chiswick, London W6 0AL.
Tel: 0181 996 9000.
Fax: 0181 996 9001.

APRIL 18-19
DESIGNATION AND WATER
RESOURCES
The conference will be held
at the Hilton Hotel, London.
For more information, contact
the British Standards Institution
at 389 Chiswick, London W6 0AL.
Tel: 0181 996 9000.
Fax: 0181 996 9001.

MAY 14
OPERATIONS IN GERMANY
Legal framework and
regulations
The conference will be held
at the Hilton Hotel, London.
For more information, contact
the British Standards Institution
at 389 Chiswick, London W6 0AL.
Tel: 0181 996 9000.
Fax: 0181 996 9001.

MAY 15-17
LEADERSHIP
The conference will be held
at the Hilton Hotel, London.
For more information, contact
the British Standards Institution
at 389 Chiswick, London W6 0AL.
Tel: 0181 996 9000.
Fax: 0181 996 9001.

JUNE 11-12
ANALYSIS AND CONTROL
The conference will be held
at the Hilton Hotel, London.
For more information, contact
the British Standards Institution
at 389 Chiswick, London W6 0AL.
Tel: 0181 996 9000.
Fax: 0181 996 9001.

Notice of Redemption to the Holders of

General Electric Company

U.S. \$300,000,000 Extendible Notes due May 1, 2006
Redemption Date: May 1, 1991

NOTICE IS HEREBY GIVEN that, in accordance with the provisions of Section 6 of the Fiscal and Paying Agency Agreement dated as of May 1, 1986 between General Electric Company and Citibank, N.A., the Fiscal and Paying Agent and paragraph 6(b) of the Terms and Conditions of the above-mentioned Notes (the "Notes"), the entire principal amount outstanding of the Notes will be redeemed at the close of business on May 1, 1991 (the "Redemption Date") at a redemption price equal to 100% of their principal amount (the "Redemption Price") plus accrued and unpaid interest from May 1, 1990 to the Redemption Date. Interest on the Notes shall cease to accrue from and after the Redemption Date.

Payment of the Redemption Price plus accrued and unpaid interest will be made upon presentation and surrender of the Notes, together with all appurtenant coupons maturing on and subsequent to the Redemption Date at the offices of the paying agents as listed below. On and after the Redemption Date, the sole right of a holder shall be to receive the Redemption Price plus accrued and unpaid interest, if any, on the Notes to the Redemption Date. In the event any such unmatured coupons fail to be presented, the amount of the missing coupons will be deducted from the Redemption Price.

PAYING AGENTS

Citibank, N.A.
Citibank House
334 Strand
London, WC2R 1HB
England

Citibank, N.A.
Neue Mainzer Strasse 40/42
D-6000 Frankfurt/Main 1
Germany

Citibank Investment Bank
(Switzerland)
Bahnhofstrasse 63
CH-8021 Zurich
Switzerland

Citibank Investment Bank
(Luxembourg) S.A.
16, Avenue Marie Thérèse
Luxembourg

Citibank, N.A.
Citicenter
19 Le Parvis
La Défense 7
Paris, France

Citibank, N.A.
Herengracht 545/549
Amsterdam
The Netherlands

Citibank, N.A.
Avenue de Tervuren, 249
B-1150 Brussels
Belgium

GENERAL ELECTRIC COMPANY

March 29, 1991

UK NEWS

Industry's costs rise as BT rings changes

Charges for directory inquiries are forcing some customers to rethink their phone use

BRITISH industry could face a \$400m a year increase in costs from today unless it controls phone calls to British Telecom's directory inquiries service.

Only four years ago when BT's quality of service plummeted new depths it was often virtually impossible to reach the directory inquiries from within London. But the service was free of charge. From today BT will charge 44.5p for searching for two telephone numbers, with 90 per cent of calls answered within 15 seconds.

The tariff will put Britain close to the top of the international league table for national directory inquiry charges. In the most liberalised markets, where competition is most advanced, charges are about half BT's.

BT argues that many of these charges are cross-subsidised from higher prices charged for normal telephone calls. It says it will not make any money from

the introduction of charges because prices for telephone calls, which earned BT \$5.65m last year, will fall by an offsetting 6 per cent.

About 75 per cent of BT's customers hardly use directory inquiries. The remaining quarter who are the intensive users of the inquiries service are also the most intensive users of the telephone, so they should be the main beneficiaries of lower call charges.

Yet, judging by the absence of frenzied preparations among companies and government departments, it seems likely that many organisations will be taken unawares by the change - which could lead to a significant increase in their telephone bills.

National Power, which is preparing for the change, estimates that without any offsetting action to control inquiries its telephone bill could rise by up to 10 per cent, by between \$75,000 and \$200,000.

There have been no moves so far in the big Whitehall departments to remind civil servants to use directory inquiries sparingly or not at all from the Mercury Communications network, which charges 58p for three inquiries.

Advertising agencies, which tend to be frenetic users of telephones, are unfazed by the charges. Ogilvy & Mather is typical of the larger London agencies, with 55 telephone lines and 506 extensions at its headquarters in the Strand. Even at a time when the recession is putting pressure on costs, Ogilvy does not see the new change for directory enquiries as a problem.

The financial services sector is taking action. Staff at several large banks and building societies will have calls to directory enquiries barred from next week.

Lloyds Bank said directory enquiries would have to be made through the

switchboard. Nationwide Building Society said it was doing the same but would be monitoring the number of inquiries made to see if a new call inquiry service should be introduced.

Several companies, including National Power and British Gas, are examining whether to install corporate directory inquiry services, using one of two systems supplied by BT. One system gives a company direct access to BT's central database to search for a number, while the other has transferred the information contained in the data base on to laser disks which can be read by a specially adapted computer.

JCI, the chemical company, expects its use of BT directory enquiries to decline rapidly. It is introducing disk systems at main switchboards.

David Barclay, Richard Bous, Chris Colson, David Thomas, Alice Ransohoff and Charles Leadbeater compiled this report.

Revenue from NHS private care rises 19%

By Alan Pike, Social Affairs Correspondent

REVENUE FROM National Health Service private pay beds rose marginally faster than that of Britain's independent hospitals in 1989, a review says today. The figures suggest that NHS hospital managers may be planning tougher competition with the independent sector as new government health reforms are in place.

Although private treatment in the NHS accounted for only 8 per cent of the £1.2bn spent on private acute healthcare in 1989, the latest edition of Laming's Review of Private Healthcare shows that the NHS's private income increased by 19 per cent.

"Whether this heralds an increasing future role for the NHS in private healthcare will depend on the perceived success of new, dedicated NHS pay bed units which have been developed in the last two years," the review says.

Under the government's reforms, individual NHS hospitals face pressure to maximise their income. Most of this will come via contracts from NHS health authorities and general practitioners.

In a statement welcoming the start of the reforms which came into effect yesterday, the Independent Healthcare Association accepted that they would mean "more competition for independent hospitals" from the NHS's pay beds and its new self-governing trust hospitals. However, it added, that NHS patients could now be funded for treatment in independent hospitals.

Laming's Review of Private Healthcare, Laming and Bous, 46 Margate Road, London NW1 9TA. 555



FOR PATIENTS at Central Middlesex hospital, west London, it was very much business as usual. For the management, yesterday marked the start of possibly the biggest challenge in the National Health Service's 43-year history. The Central Mid-

dlesex was one of the hospitals that became self-governing trusts under which senior managers assume full responsibility for day-to-day administration. Nurse Lynn O'Connor is pictured at the Central Middlesex with Margaret Hicks.

NEWS IN BRIEF

Lowndes Queensway refunds near

MORE THAN 25,000 customers of Lowndes Queensway, the furniture and carpets retailer which collapsed last August, are likely to receive refund cheques this week, writes Clay Harris.

Mr Jonathan Phillips of Price Waterhouse, the accountancy firm which administered a £15m insurance policy taken out by Lowndes' directors in January 1990, said: "The people who are getting cheques will be getting 100 per cent of their claim."

About 1,000 other customers will receive explanations of why their claims are still being processed.

Power contract

THE NEWLY-privatised South Wales Electricity has signed a five-year contract with BP Chemicals to buy surplus power from the chemicals company's Baglan Bay generators. The combined heat and power station can produce nearly five times the 20,000 kw needed by BP for its own processes. The deal means that South Wales Electricity can buy enough electricity from BP to supply 180,000 homes.

Banking costs fall

THE COST to foreign banks of operating in London has fallen for the first time since regular annual reports began 10 years ago, according to the annual survey of banking costs by Noel Alexander Associates, the banking consultancy.

The cost of opening a medium-sized branch has fallen from £3.8m to £3.1m. Within this, the cost of renting 5,000 sq ft in the City is estimated to have fallen from £400,000 to £300,000.

Fabian industry call

THE FABIAN Society, the left-wing think-tank, has called in Targeting Competitive Industries, a pamphlet published today, for "a coherent and active industrial policy" to replace the Thatcherite "enterprise culture".

Targeting Competitive Industries, Fabian Society, 11 Dartmouth Street, London SW1E 5BN. 55.55.

New water charges

WATER COMPANIES will levy a charge on every bath, basin, and washing machine installed in new flats under a revised scheme introduced yesterday. Developers claim that it could mean a 5,500 per cent increase in water connection costs for some housing projects which contain many flats.

Spirits sales down

SPIRITS SALES last year declined by more than 7m bottles. Provisional figures from the Wine and Spirit Association show that the brand of the 2.1 per cent fall on 1989 sales was borne by whisky.

CBI sees company profits revival next year

By Peter Marsh, Economics Staff

COMPANY profits will fall this year by 15 per cent because of the recession but should recover by a similar amount in 1992, according to the Confederation of British Industry.

The CBI, in its half-yearly forecast for the UK economy, is much gloomier on the immediate outlook for company earnings than in its projection last November, when it said profits would fall in 1991 by less than 4 per cent.

Since then, many economists have judged that the recession will be deeper than had originally been predicted, although few believe it will be as harmful as the 1980-81 economic decline. The CBI believes profits will grow by 14.4 per cent in 1992.

According to the CBI, investment by manufacturing industry is likely to fall by 17 per cent in 1991, the highest decline for 10 years.

In the CBI's November forecast, the likely investment decline was put at less than 6 per cent. Capital spending is likely to grow by 4.4 per cent

	1990		1991		1992	
	CBI	Treasury	CBI	Treasury	CBI	Treasury
GDP	0.9	0.5	-1.9	-2	2.0	2
Manufacturing output	-0.5	-0.5	-6.1	-5	2.2	2.25
Fixed investment	-3.1	-1.75	-10.8	-9.75	4.0	1.25
of which manufacturing	-5.5	na	-17.2	na	4.4	na
Consumer spending	1.5	1	-4.7	-1.75	1.5	2.25
General gov consumption	3.2	1.75	1.5	1.5	1.1	1.25
Exports	4.7	4.75	1.0	1	4.3	4.75
Imports	2.4	1.5	-2.3	-1.5	5.9	4.75
Current account (£bn)	-12.8	-13	-0.7	-6	-7.5	-8
Retail prices index (4Q)	10.0	10	4.1	4	3.9	3.75
Unemployment (m)	1.7	na	2.3	na	2.7	na
PBB* (£bn)	-0.3	-0.75	7.6	na	13.6	12
Company profits	6.8	na	-15.0	na	14.4	na

*Note: All figures apply to year-to-year percentage increase except where stated. Treasury projections taken from Budget statement, March 19.

*Forecasts apply to first half of 1991. *Financial year.

In 1992, according to the employers' body.

The CBI, like the Treasury and many other private-sector forecasters, expects a slow recovery from the recession to begin this summer. It believes overall UK output will fall by nearly 2 per cent this year and rise by a similar amount in 1992.

The CBI is predicting a shallower economic decline than

the Treasury in terms of consumer spending, with this number expected by the employers' body to fall by 0.7 per cent this year and increase by 1.8 per cent in 1992. In contrast, the Treasury is forecasting a 1.75 per cent fall in 1991, followed by an increase of just over 2 per cent in the following 12 months.

Seasonally adjusted unemployment will increase from

about 2m in February to an average of 2.7m next year, says the CBI. In its November forecast, the CBI put this last figure at 2.1m. Unemployment is likely to reach 2.6m by the end of 1991.

Jobs will be lost in both the manufacturing and non-manufacturing parts of the economy in roughly equal measures, according to the CBI.

Employment, Page 12

Few computer manufacturers could ever hope to fulfil such an order: £16 million worth of commercially available PCs and Laptops, complete with printers, software and supplies for Operation Desert Shield and Desert Storm.

All tested to withstand the heat and humidity of Saudi Arabia. All wanted in double quick time by the U.S. Central Command.

To be able to say we at CompuAdd met the deadlines says a lot about the way we do business.

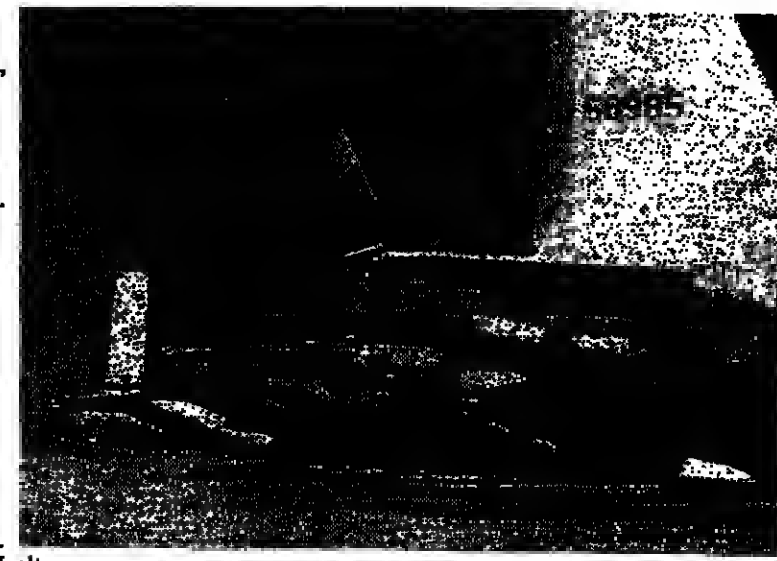
As the world's largest direct sales PC manufacturer with a full range encompassing portables to DOS and UNIX high performance workstations, we are used to delivering large orders fast. More than one third was in place within 9 days.

The rest soon followed. With the result that the most powerful PCs ever procured by the U.S. Military were on the ground, on time, ready for action - the first time the PC has been used in the front line.

It only goes to show that if you want high quality, low cost PCs and peripherals delivered on time, you should cut out the middle man and come direct to CompuAdd. You'll get it all plus free Hotline support for life. And that holds true no matter how large or small your business happens to be.

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ROBEKO N.V.
(Investment company with a variable capital)
ANNUAL GENERAL MEETING OF SHAREHOLDERS

to be held on Thursday, 18th April, 1991, at Concert and Congress building "de Doelen", entrance Krulplein 30, Rotterdam, at 9.30 a.m.

AGENDA

1. Opening
2. To receive and adopt the Report of the Board of Directors for the financial year 1990
3. To receive and adopt the Annual Accounts for the financial year 1990
4. To determine the appropriation of the profit
5. To compose the Board of Supervisory Directors

* Messrs. J.M. Goudswaard and H.J. Witteveen will resign having reached retirement age.

* It will be proposed to appoint Mr. C. van Rijn a Supervisory Director

6. Any other business

Copies of the full agenda and of the Annual Report for 1990 can be obtained from National Westminster Bank PLC, Global Securities Services, Stock Office Services, 5th Floor, 21 Lombard Street, London EC3P 3AR.

Holders of Share Warrants to Bearer desirous of attending or being represented at the Meeting, should lodge their Share Warrants by hand (postal deliveries will not be accepted for voting purposes) with the National Westminster Bank PLC, Global Securities Services, Stock Office Services, 5th Floor, 21 Lombard Street, London EC3P 3AR, between the hours of 10 a.m. and 2 p.m. in exchange for a receipt, not later than Thursday, 11th April 1991.

Beneficial owners whose Share Warrants are presently deposited with a Bank must obtain a Certificate of Deposit signed by the Bank as evidence that such Bank is holding the Share Warrants. The Certificate of Deposit must be lodged against receipt of the Share Warrants, by that Bank, with the National Westminster Bank PLC, in accordance with the requirements stated above.

The receipt for the Share Warrants or Certificate of Deposit will constitute evidence of a shareholder's entitlement to attend and vote at the Meeting and should be presented at the door of the Meeting Hall. If a holder desires to appoint a proxy, who need not be a member of the Company, to attend and vote in his stead, a form of proxy may be obtained from the National Westminster Bank PLC as above and this form of proxy must be presented at the door of the Meeting Hall together with the receipt for the Share Warrants or Certificate of Deposit.

Beneficial owners of Sub-shares registered in the name of National Provincial Bank (Nominees) Limited desirous of attending or being represented at the Meeting must obtain a receipt or Certificate of Deposit in the same way as holders of Share Warrants to Bearer. If they desire to attend the Meeting in person or to be represented they must obtain a form of proxy signed by National Provincial Bank (Nominees) Limited, which form must be presented at the door of the Meeting Hall together with the receipt exchanged for the Sub-shares Certificates or Certificate of Deposit.

Beneficial owners of Sub-shares registered in any name other than that of National Provincial Bank (Nominees) Limited, holders of Registered Full Shares and Shareholders who maintain a Shareholders' Account with the Company wishing to attend and vote at the Meeting or to appoint a proxy to attend and vote in their stead, must sign their intention in writing to the Secretary, Robeco N.V., Heer Botolphweg 133, 3032 AD Rotterdam, Netherlands to arrive not later than Thursday 11th April 1991.

Service contracts are not entered into with the Directors, who hold office in accordance with the Articles of Association.

BY ORDER OF THE MANAGEMENT
Dated this 2nd day of April, 1991
P.O. Box 973
Rotterdam

ROLINCO N.V.
(Investment company with a variable capital)
ANNUAL GENERAL MEETING OF SHAREHOLDERS

to be held on Thursday, 18th April, 1991, at Concert and Congress building "de Doelen", entrance Krulplein 30, Rotterdam, at 11.45 a.m.

AGENDA

1. Opening
2. To receive and adopt the Report of the Board of Directors for the financial year 1990
3. To receive and adopt the Annual Accounts for the financial year 1990
4. To determine the appropriation of the profit
5. To compose the Board of Supervisory Directors

* Messrs. J.M. Goudswaard and H.J. Witteveen will resign having reached retirement age.

* It will be proposed to appoint Mr. C. van Rijn a Supervisory Director

6. Any other business

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Service contracts are not entered into with the Directors, who hold office in accordance with the Articles of Association.

BY ORDER OF THE MANAGEMENT
Dated this 2nd day of April, 1991
P.O. Box 973
Rotterdam

RORENTO N.V.
(Investment company with a variable capital)
INFORMATIVE MEETING FOR SHAREHOLDERS

to be held on Thursday, 18th April, 1991, at Concert and Congress building "de Doelen", entrance Krulplein 30, Rotterdam, at 14.30 p.m.

AGENDA

1. Opening
2. To discuss the Report of the Board of Directors for the financial year 1990
3. To discuss the Annual Accounts for the financial year 1990
4. To discuss the appropriation of the profit
5. To discuss the composition of the Board of Supervisory Directors

* Messrs. J.M. Goudswaard and H.J. Witteveen will resign having reached retirement age.

* It will be proposed to appoint Mr. C. van Rijn a Supervisory Director

6. Any other business

Copies of the full agenda and of the Annual Report for 1990 can be obtained from National Westminster Bank PLC, Stock Office Services, 5th Floor, 21 Lombard Street, London EC3P 3AR.

Holders of Share Warrants to Bearer desirous of attending or being represented at the Meeting, should lodge their Share Warrants by hand (postal deliveries will not be accepted for voting purposes) with the National Westminster Bank PLC, Global Securities Services, Stock Office Services, 5th Floor, 21 Lombard Street, London EC3P 3AR, between the hours of 10 a.m. and 2 p.m. in exchange for a receipt, not later than Thursday, 11th April 1991.

Beneficial owners whose Share Warrants are presently deposited with a Bank must obtain a Certificate of Deposit signed by the Bank as evidence that such Bank is holding the Share Warrants. The Certificate of Deposit must be lodged against receipt of the Share Warrants, by that Bank, with the National Westminster Bank PLC, in accordance with the requirements stated above.

The receipt for the Share Warrants or Certificate of Deposit will constitute evidence of a shareholder's entitlement to attend and vote at the Meeting and should be presented at the door of the Meeting Hall. If a holder desires to appoint a proxy, who need not be a member of the Company, to attend and vote in his stead, a form of proxy may be obtained from the National Westminster Bank PLC as above and this form of proxy must be presented at the door of the Meeting Hall together with the receipt for the Share Warrants or Certificate of Deposit.

Beneficial owners of Sub-shares registered in the name of National Provincial Bank (Nominees) Limited desirous of attending or being represented at the Meeting must obtain a receipt or Certificate of Deposit in the same way as holders of Share Warrants to Bearer. If they desire to attend the Meeting in person or to be represented they must obtain a form of proxy signed by National Provincial Bank (Nominees) Limited, which form must be presented at the door of the Meeting Hall together with the receipt exchanged for the Sub-shares Certificates or Certificate of Deposit.

Beneficial owners of Sub-shares registered in any name other than that of National Provincial Bank (Nominees) Limited, holders of Registered Full Shares and Shareholders who maintain a Shareholders' Account with the Company wishing to attend and vote at the Meeting or to appoint a proxy to attend and vote in their stead, must sign their intention in writing to the Secretary, Rorento N.V., Heer Botolphweg 133, 3032 AD Rotterdam, Netherlands to arrive not later than Thursday, 11th April 1991.

Service contracts are not entered into with the Directors, who hold office in accordance with the Articles of Association.

BY ORDER OF THE MANAGEMENT
Dated this 2nd day of April, 1991
P.O. Box 973
Rotterdam

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Gulf our



else.



Some engines. Some family. Four-valve-per-cylinder technology from Mercedes-Benz. And, as you'd expect from the current World Sports Car Champions, these multi-valve powerplants are special. As the engine revs vary, so does the valve timing – through automatic camshaft adjustment. This refinement keeps them working eagerly when most four-valve-per-cylinder engines are no longer on song.

SOLVING THE MULTI-VALVE RIDDLE

For all its fashionable wizardry, four-valves-per-cylinder tends to produce a narrower power band than a conventional two-valve arrangement. To Mercedes-Benz, of course, this was more of a challenge than a limitation.

By electronically varying inlet timing, their multi-valve engines generate optimum cylinder charging at all engine speeds, so boosting torque much lower down the rev range. It's a solution that helped push the 730bhp twin-turbo Mercedes sports prototypes to emphatic wins in the 1989 and 1990 World Sports Car Championships.

It's a development you'll also find in the 326bhp version of the 5.0-litre V8 powering

Advanced multi-valve engines. They run in the family.



ENGINEERED LIKE NO OTHER CAR
IN THE WORLD

the 500SL sports convertible, and in the 220bhp 3.0-litre six in the 300SL-24 sports car, 300E-24 mid-size saloon, 300CE-24 coupe and 300TE-24 estate.

Every car in the family also has unique electro-mechanical engine management that functions flawlessly even if there's an electrical fault – a versatility that is beyond a purely electronic system. (But, if ever a fault of any kind does develop, as a Mercedes driver you'll enjoy the unparalleled back-up services of the Mercedes-Benz dealer network, including the European-wide Touring Guarantee.)

MATCHING HANDLING TO POWER

The multi-valve Mercedes road cars (including the compact 204bhp 190E 2.5-16) are performance machines in the widest sense of the word. To their highly advanced engines add equally crisp suspension and steering systems (either standard or Sportline). They control and direct the power with great assuredness. You can also add Sportline seating; and ABS brakes are standard, of course.

So you'll be travelling safely as well as swiftly – no matter which member of the multi-valve family you decide to run with.

By Allison Smith

Ministers believe that this principle could also ensure more effective use of available funds.

One approach under consideration is to reserve a "top slice" of the different grants for award to the schemes likely to have the greatest economic, social and environmental

The change of emphasis is Mr Heseltine's attempt to reinvigorate the Tory approach to inner cities that he championed during his first four years as environment secretary from 1979.

Despite the Action for Cities launch three years ago and the changes made to channel more funds through government projects rather than through local authorities, the inner-cities programme has suffered from the view that it has been the focus of many inter-departmental battles.

By Barry Riley

The index is influenced mainly by the rate of growth of company dividends and employee earnings. Dividend growth has recently slowed sharply, but earnings have

Mr Bryn Davies, the actuary who devised the index, said that all schemes faced the risk that wages would catching up with dividends. "If this were to happen now, the surpluses which still exist could disappear as quickly as they first arose at the beginning of the 1960s," he warned.



By Paul Cheeseright, Midlands Correspondent

THE £160m International Convention Centre (ICC) in Birmingham opens today when 2,500 delegates from the British Small Animal Veterinary Association gather for their annual conference.

Owned by Birmingham City Council, the ICC and the adjacent National Indoor Arena are likely to be the last important capital projects undertaken by a local authority under the

The National Indoor Arena, a sports stadium, will cost £51m and open next October.

The city council does not expect the ICC to offset its capital costs from profits, and it is expected to run an operating deficit in its early years.

The NEC, by contrast, is recouping its capital cost from earnings. The centre opened in 1976 and has made profits after debt servicing charges since

1980-81. It contributed £7.5m to the Birmingham general rate fund in 1989-90, although the contribution for 1990-91 is expected to be lower. Profits from the NEC will go towards offsetting the costs of the ICC.

Mr Roger Burton, Birmingham's city treasurer, said convention centres did not make money directly, but that financial benefits came from visitors spending money in the region.

By Juliet Schwane

But Midlands Electricity, which lost only about 1 per cent of its business, mainly to PowerGen, signed about 200 customers on a new pool-linked contract, which ties customers into the pool, or

**By Richard Tomkins,
Transport Correspondent**

They will be a longer distance version of the Network Turbo trains about to enter service on the suburban routes from Paddington to Reading and from Marylebone to Aylesbury, High Wycombe and Banbury.

The trains will be built at York by BREL, the privatised rolling stock manufacturer once owned by BR. Delivery is expected to begin in 18 months.

The order consists of 55 coaches for Network South-East's London to Oxford route and six for Regional Railways' services between London and

Hereford. Power will be provided by underfloor diesel engines, and the 90mph trains will be air conditioned.

The order is part of a £160m modernisation of the Thames line

Most companies lost customers to PowerGen, which was active in the market. Unlike National Power, PowerGen still has some way to go before it reaches the maximum percentage market share in each region it is allowed by the electricity regulator. PowerGen won more market share in the north than in the south, partly because southern customers tend to be smaller, which makes them less attractive to the large generators.

Southern Electric said it was pleased with the results of the contract negotiations. Not only did it win back its contract with London's Heathrow airport, which had switched to Seaboard last year, but it won a number of national contracts, notably from Debenhams and Associated British Foods. It also gained a significant percentage of the business of Pirelli and Unizate.

Altogether, Southern won \$5 new customers, and regained seven. It lost about eight. The pricing of contracts in the current round of negotiations was competitive, industry sources said. Some contracts were based on forecast electricity prices as much as 18 per cent below the so-called Horton price of 2.4p, around which the industry was restructured.

The more active regional companies were also offering competitively low prices.

FT—CITY COURSE
London 8 April - 28 May

The FT-City Course is designed for employees in companies with interests in the City to provide a broader understanding of all aspects of the operations of the City of London and the factors that make it pre-eminent financial and trading centre.

The twenty-four distinguished lecturers will consider such topics as the operations of the Bank of England and its relations with other central banks, the role of the clearing banks, merchant banks and the operation of the discount market. The syllabus will examine the changing role of the building societies, the organisation of the commodity markets, the International Stock Exchange and the structure of the UK insurance industry. The programme also looks at the new statutory systems of regulation and compliance. The course will comprise eight weekly afternoon sessions and will take place at the Museum of London.

MANAGING FINANCIAL RISKS

London 22 & 23 April
9 & 10 July
30 September & 1 October
26 & 27 November

The Financial Times and Price Waterhouse have responded to market demand in developing a workshop to cover the management of financial risks by financial institutions and corporate treasuries.

The workshop is an intensive, practical course aimed at those who wish to understand the principles and practices of financial risk management. It combines comprehensive technical reference material with an interactive format with case studies and worked examples. To underpin this, we have a panel of specialists from financial institutions including Jonathan Britton, Director of Treasury and Fixed Income at Swiss Bank Corporation, London; Bob Puller, Director of Chasecharouse Bank in charge of risk systems at Prudential (UK) development; Richard Hines, Group Project Manager at Pensions Corporation; Philip Nathan, Assistant Managing Director of the Chicago Board of Trade; and Richard Crispin Southgate, Director of Chasecharouse Bank and Head of Finance Engineering; Neil Thompson, Vice President, First National Bank of Chicago and Head of Finance Trading; Chris Wingfield, Assistant Director, Hill Samuel Bank responsible for operational support for treasury and capital markets products together with specialists from the Price Waterhouse Financial Risk Management Group.

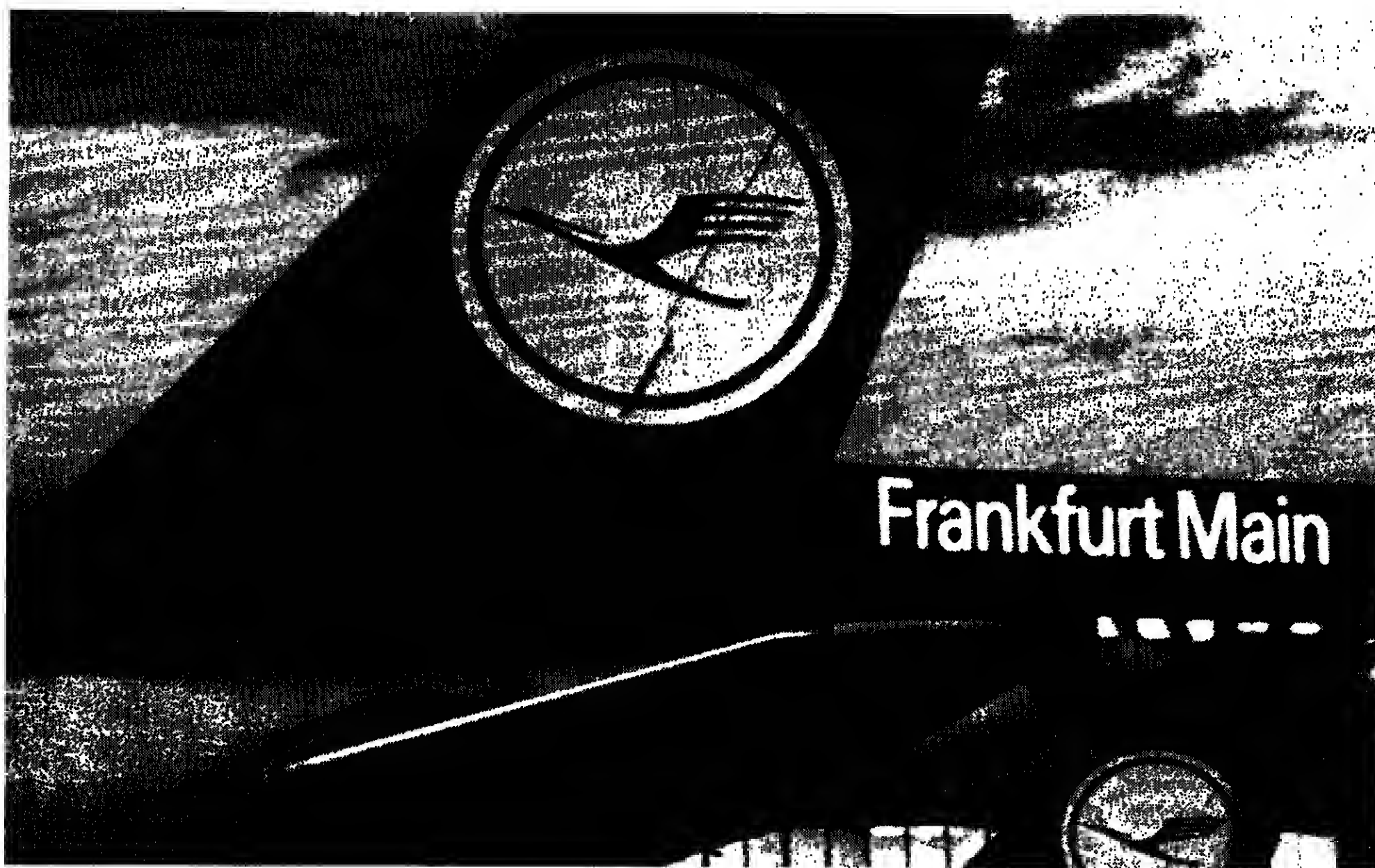
WORLD GOLD CONFERENCE
Vienna - 25 & 26 June

The 1991 FT gold conference will look at the longer term outlook for supply and demand, review developments in the major markets and examine prospects for the mining industry in the 1990s. This year's meeting will also include assessments by central bankers and discussion of gold shares and options.

The conference will be chaired by Mr Robert Guy and Mr David Pryde and speakers taking part include: Dr Klaus Mühl, Österreichische Nationalbank; Mr Alexandre Doornov, State Bank of the USSR (Goebank); Mr Robin Pembidge, Gold Fields of South Africa; Mr Robert Champion de Crespigny, Normandy Petroleum Group; Mr Fraser Fell, Placer Dome; Mr Shmichl Kasma, Mitsubishi Corporation; Mr Martin Greenberg, COMEX; Mr Mel Frydreich, Placer National Bank and Dr Fabio Torboli, World Gold Council.

All enquiries should be addressed to: Financial Times Conference Organisation,
126 Jermyn Street, London SW1Y 4UJ. Tel: 071-925 2323 (24-hour answering
service), Telex: 27347 FTCONF O, Fax: 071-925 2125.

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UK NEWS

Labour confident of a welcome in the Welsh valleys

Anthony Moreton predicts that there will be no surprises from this week's by-election in the former mining town of Neath

NEATH, the former mining town in south Wales, is a constituency where Labour enjoys one of its biggest majorities, but it is taking no chances over this Thursday's by-election.

In an effort to ensure there is no threat to its 20,578 general election majority, Labour has wheeled out its big guns. Shadow cabinet members Mr Robin Cook, Mr Jack Straw, Mrs Anne Taylor, Mr Gordon Brown, Mr Michael Meacher and Mr John Smith have all put in an appearance in the industrial town in the Welsh valleys. Mr Neil Kinnock, the Labour leader, has also been there.

It is not as though Labour is fielding a political *ingenue* who needs this level of support. The 41-year-old Mr Peter Hain, a seasoned anti-apartheid and civil rights campaigner and one-time Young Liberal, hoped on election battles in London, must be one of the Labour party's best-known names outside parliament.

Labour may be fighting the election as though it were a marginal seat, but there is little chance the party will be beaten in this part of Wales.

Neath has been a safe Labour seat since 1922. Ten years later Labour won control of the local council, and the party has not surrendered either.



Peter Hain: one of Labour's best-known names outside parliament

Picture by Glyn Genin

Neath is old-style Labour territory. However, Mr Henry Purcell, Conservative deputy area agent for Wales, says he has been in politics long enough to know anything can

happen. A few weeks ago the Rhille Valley by-election proved the truth of that when a safe Conservative majority was overturned by the Liberal Democrats. But this is not

rural Lancashire and that is unlikely to happen in Wales given the political climate with the polls running towards Labour.

The Conservative candidate,

Mr Nigel Evans, must know this. A London teacher and a former London councillor, he has a Welsh name but has to go back a couple of generations to establish anything firmer.

Mr Evans's task is to fight off the Liberal Democrats and Plaid Cymru, the Welsh nationalists, for second place. The nationalists have never been a potent force in Neath, even though a third of the electors can speak Welsh, but the Liberal Democrats are a more serious challenge.

In 1987 the Conservatives were only 902 votes ahead of the then SDP-Liberal Alliance, which had come second in the 1983 election, almost 2,000 ahead of the Conservatives.

Mr Evans has had support from Mr David Hunt, the Welsh secretary, and Mr Chris Patten, Conservative party chairman, has put in an appearance, but the Tories are not banking on much success.

Neath is an unwavering Labour seat, but economically it is a very different place from even a decade ago. Coal, steel, aluminium, metal manufacturing and various "dirty" industries have all but disappeared - the last pit closed last year - and the town has found it difficult to attract alternative employers.

Small industrial estates have been built, but most of the big employers are outside the town. They include British Steel at Port Talbot, a BP refinery at Llandarcy and a BP chemical works at Baglan.

The proximity of these big employers has helped mitigate

the worst effects of unemployment, which is not much higher than the Welsh average, because they are near enough to Neath as part of their catchment area.

Further up the industrial valleys, even fewer new companies are to be found despite derelict land clearance schemes and the small estates. Cam Gears, at Resolven, employing over 900, is a beacon, before, at the top end of the constituency, the traveller runs into the real Beacons, the Brecon Beacons National Park.

The Tories and Liberal Democrats both hope to do well here, though it is Mr Hain who has made the running on the one local issue to surface - British Coal's attempt to extend opencast operations in the area.

One factor uniting the main contestants is rugby. Neath, known as the Welsh All Blacks, has the best team in Wales and both Mr Hain and Mr Evans appear to have suddenly discovered an interest in the game. Three days after the poll, Neath play the more nationally minded team from Llanelli in the semi-final of the Welsh cup.

Right now that game is generating more interest in the town than anything the politicians get up to. The only difference is that the result is less predictable.

Institute says Bank should be independent

By Peter Marsh, Economics Staff

AN INDEPENDENT Bank of England has been proposed by the Institute of Economic Affairs, a free-market pressure group.

In a paper published yesterday, the institute also says the governor of an independent Bank should take over responsibility for UK monetary policy from the chancellor.

A contract would tie the governor's salary to a target inflation rate.

The governor would be sacked after his first five-year term if the target was not met. If the target was reached in the first term, but not in the second, the governor's pay would be cut by half.

The institute has been influenced by legislation in New Zealand which two years ago set up an independent central bank. It says an autonomous Bank of England could be created by inserting a simple clause in the forthcoming Finance Act.

Giving Independence to the Bank of England: the Example of New Zealand. Institute of Economic Affairs, 3 Lord North St, London SW1P 3LB.

Imports of contaminated beef on sale, warns report

By David Blackwell

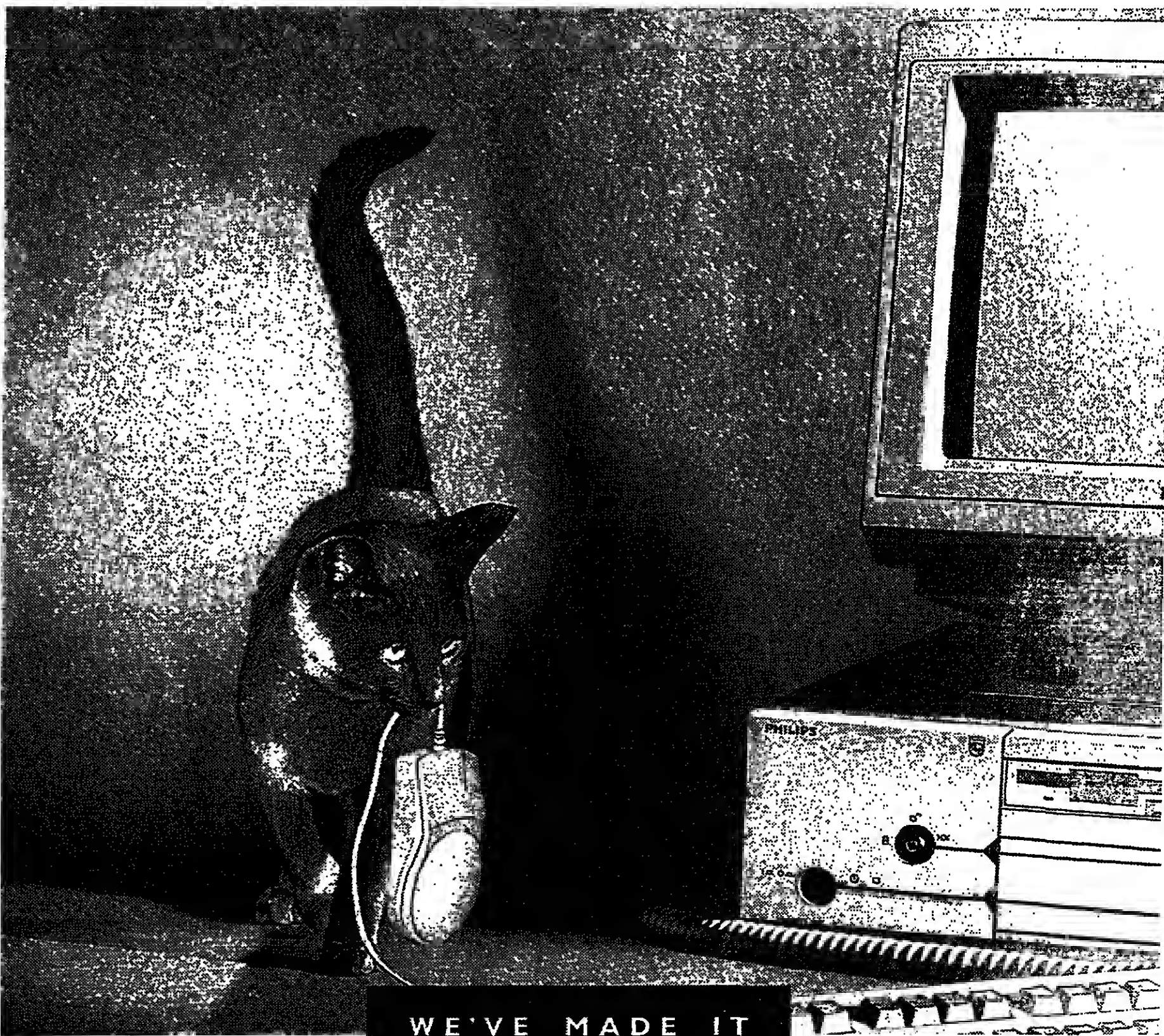
IMPORTED beef contaminated with banned sex hormones and growth drugs is reaching British consumers, according to a report in *Farmers Weekly* magazine.

The report claims that imported beef, which accounts for 20 per cent of the UK market, is not subjected to the same rigorous tests as UK beef. British farmers are banned from using drugs to boost production.

The magazine says that farmers and meat companies in continental Europe and the

Republic of Ireland - a principal source of UK beef imports - openly use such drugs. It adds that many consumers have needed hospital treatment. The EC is conducting an emergency investigation because of the scale of drug abuse.

The magazine concludes that only the UK, Germany and the Netherlands carry out thorough drug monitoring. "Other countries lack the technology, the scientists and the will to stamp out illegal drugs," says the report.



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DIVIDEND NOTICE #11

NOTICE is hereby given that the Board of Directors of Agnico-Eagle Mines Limited has declared a dividend of 7.5¢ (U.S. funds) per share payable on May 7, 1991 to shareholders of record April 2, 1991.

Dated this 2nd Day of April, 1991.
Barry Landon
Secretary



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A licence has been granted under the provisions of the Gaming Act 1968 for

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LEGAL NOTICES

W R & J LAWN TIA CISCOS, CISCOS BORDERLANDS AND MOBY DISCS
Notice of business: Restaurants and Theme Bars.
Trade classification: 48/49.
Date of appointment of LPA receivers: 20 March 1991.
Name of person appointing the LPA receivers: Midland Bank Plc.
JOHN FREDERICK POWELL and IAN NAPIER (Joint Administrators)
LPA Receivers
Joffe House, 2nd and 3rd floors, 210 Grafton Street, Birmingham B1 2DT.

AUSTRIA
The FT proposes to publish this survey on June 24th 1991. It will be of particular interest to the 20% of Chief Executives of Europe's largest companies who are regular FT readers. If you want to reach this important audience, call Gerd Kaczer, Regional Manager, at 0440 Vienna, Tel 505 3184 Fax 505 3126 or Edward Hagen Financial Times (Germany Advertising) Ltd, Tel 069 75980 Fax 069 722677 or Elizabeth Vaughan in London on Tel 071 873 3472 or fax 071 873 3079.

FT SURVEYS

ANNOUNCEMENTS

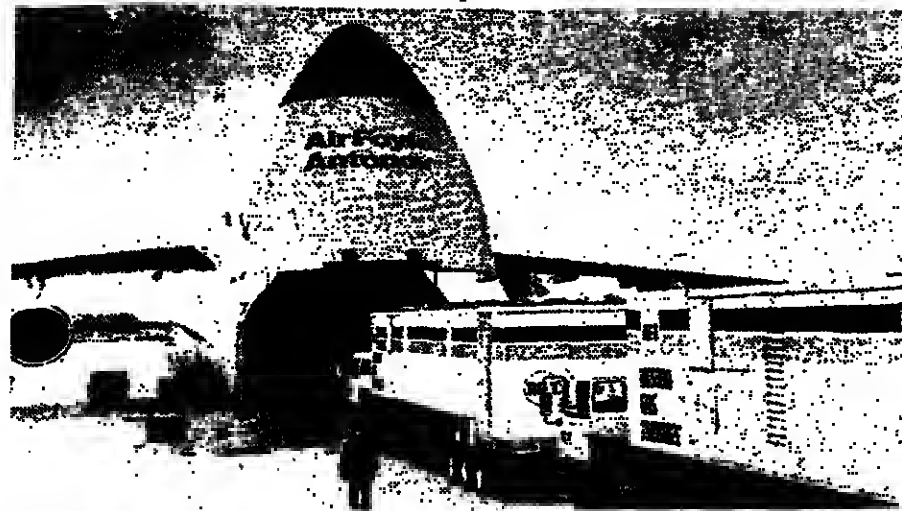
Mr N P Bushnell and Miss A S Wallington.
The marriage took place on March 30, at The Church of Christ the King, Chatham, Kent of Mr Nicholas Patrick Bushnell and Miss Alison Sarah Wallington.

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KUWAIT AIRLIFT SUCCEEDS

British companies respond to Kuwait's needs



Two Ruston power generating units provided by European Gas Turbines and supplies from The Biwater Group for the "BRIT Camp", (Amec/Biwater joint venture), urgently needed in Kuwait, were stranded at London Stansted airport due to the failure of transport arrangements, made by a previously appointed transport company.

World Aviation learned of this on Monday, 18th March and within twenty-four hours had arranged for the World's largest commercial cargo aircraft, the Antonov AN-124, to land at Stansted to uplift and deliver the equipment directly into Kuwait.

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EDUCATION CONFERENCE

Teachers' union advises against boycott of tests

By Andrew Jack

THE NATIONAL Union of Teachers (NUT) yesterday advised its members not to boycott school tests before a meeting of the union's executive in two weeks. It was responding to a vote to shun new assessment tests for seven years.

Mr Doug McAvooy, general secretary, said he was sending a message to primary schools saying: "Don't do anything that puts you at risk."

He said schools would receive a memorandum from the executive by next Monday, but that any decision on boycotting standard assessment tests would have to wait until after the executive met on April 10.

Mr McAvooy's statement came on the third day of the union's annual conference at Scarborough, north-east England. The conference has brought teachers into conflict with their employers and the government.

In one of the most controversial moves of the conference so far, delegates defied the moderate executive committee on Saturday and voted in support of a boycott of the new Standard Assessment Tests.

The vote reflects teachers' concerns about the usefulness of testing children at such an early stage in school, as well as the additional uncompensated time required to administer and mark the tests.

The conference also voted on Sunday in favour of possible strike action unless the government restores teachers' negotiating rights, which have been suspended since 1987. There was criticism of the government's decision to centralise the financing of education.



Gordon Green: warned against government intervention

Mr Gordon Green, a member of the NUT executive committee, said central government intervention would only turn teachers into civil servants.

The strike and boycott decisions sparked criticism from the government and opposition, as well as condemnation from within education.

Mr Stephen Byers, on behalf of teachers' employers, warned that teachers who boycotted the tests were in breach of contract and might have pay docked as well as face disciplinary action.

Mr Tim Eggart, education minister, said that any form of industrial action would be "unfair to children, parents and the vast majority of teachers".

● Educational economies in the 1980s may have deprived Britain of a golden opportunity to prepare for 1992. It was claimed yesterday at the annual conference of the National Association of Schoolmasters and Union of Women Teachers (NASUWT), Lisa Wood adds.

According to one delegate at the conference in Bournemouth, southern England, the percentage of gross domestic product spent on education rose in the UK until 1974, when it reached its highest level of 6.5 per cent. By 1985, it had fallen to 4.8 per cent. If the Tories followed policy document suggestions, then this would fall to only 4.2 per cent by 1992, she said.

Small retailers are squeezed by 2.5% increase in VAT

By Louise Hidalgo

MANY retailers are adopting a wait-and-see approach to the 2.5 per cent rise in Value Added Tax (VAT), the tax on goods and services, that came into effect yesterday.

Some of the shops which opened yesterday in order to draw Easter-holiday shoppers had not changed price tickets to include the tax increase from 15 to 17.5 per cent, and several had signs advertising the fact.

While many large multiples are undecided whether they will be able to pass on the cost of the increase to customers because of the competitive conditions on the high street, small independent stores know they have little choice.

The owner of a delicatessen in south London expressed the fears of many: "Our margins are so small, rents are increasing so steeply and the uniform business rate is so onerous that not to pass on the cost to the consumer would be to cut our own throat."

In the short term, however, many are deciding to bear the cost of the VAT increase themselves rather than undergo the expensive upheaval of repricing existing stock, and are waiting until new stocks arrive to put up prices.

The tax increase has caused annoyance and worry among retailers by imposing an additional burden in the midst of one of their worst trading periods for a decade.

Cigarette sales are already down by 20-30 per cent since the budget, according to several newspapers, and are likely to continue falling once the VAT increase is added. Electrical items are also beginning to feel the cold hand of recession. "Trade is so bad at the

moment, we fear this could be the last straw for our business," said one independent electrical retailer yesterday as he looked at his crowded shelves and empty shop.

Small items, priced below the £5, £10 or £15 barrier, are a particularly thorny problem for the independent retailer. Many are still undecided whether to break the psychological threshold of the £9.99 price, or bear the cost themselves.

The Majestic Wine chain is having to offset the cost of keeping the price of its most popular products below the price barrier - and increasing other price-sensitive products by only 1 or 1.5 per cent - out of its own pocket.

"If we put up prices across sensitive barriers, it can change our sales so dramatically we would have to reverse our purchasing patterns altogether," said Majestic's buying and marketing director, Mr Tony Eastwood.

Other small retailers are still waiting for suppliers to notify them of their new tariffs before putting up prices themselves. "It's mayhem for us as well as the public," said one wine merchant.

● Gateway, the multiple food retailer, yesterday implemented a pay deal that will give teenage workers an immediate rise of 5 per cent compared with an increase for adults of 3.7 per cent. A further flat-rate increase will be made next January.

The split pay rise follows a lower increase for shoe retail workers aged 19 to 21 than for adults, and indicates a slackening in the upward pressure on youth wage rates during the late 1980s.

EUROPEAN FINANCE & INVESTMENT PORTUGAL

The FT proposes to publish this survey on 23rd April 1991.

It will be of particular interest to the 89% of the Institutional Investors in Europe who are regular FT readers. If you want to reach this important audience, call Henry Krzymuski on 071 873 3699 or fax 071 873 3079.

FT SURVEYS

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In the Balearic and the Canary Islands it's too easy to exchange the sand of a bunker for a sandy beach.

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EXP 92

ANNUAL GENERAL MEETING OF SHAREHOLDERS

Notice is hereby given that the Annual General Meeting of Shareholders will be held at the Hotel Europa, Heistraat, Ferdinand Bolstraat 333, Amsterdam, the Netherlands on Wednesday 17 April 1991 at 11.00 am.

The financial statements and agenda for this meeting are available for inspection at KNP N.V., Rijksweg 69, 1411 GE Naarden and Erasmusdreef 50, 6229 BL Maastricht, the Netherlands. Copies may be obtained there free of charge or from the banks listed below.

In order to be admitted to the meeting, holders of bearer shares must deposit their share certificates, in return for a receipt, no later than Wednesday 10 April 1991, with:

IN THE NETHERLANDS:	IN SWITZERLAND:
Pierson, Udding & Pierson N.V.	Swiss Bank Corporation
Amsterdam-Rotterdam Bank N.V.	in Zurich
Algemene Bank Nederland N.V.	
in Amsterdam	IN GERMANY:
	Deutsche Bank AG
	in Frankfurt
IN BELGIUM:	IN AUSTRIA:
Bank Brussel Lambert N.V.	Creditanstalt-Bankverein
Generale Bank N.V.	in Vienna
Kredietbank N.V.	
in Brussels	

In this respect a share certificate shall be equated with a declaration issued by a bank or equivalent institution to the effect that the share certificates are being held in custody by that institution on behalf of the shareholder until the end of the meeting.

Mr. E. ten Duis will be retiring this year as a member of the Supervisory Board. The Supervisory Board has decided for the present to limit the number of Supervisory Directors to eight.

Supervisory Board Naarden, 2 April 1991, The Netherlands.

ROYAL DUTCH PAPERMILLS

19

90

KNP

MANAGEMENT

Charles Batchelor on the benefits of joint action

Clubbing together to combat crime



Andrew Warren: In the first year of crime prevention, theft fell from seven cases to two

Norman has the wrong number

Small businesses rather than yuppies will be hit hardest by the Chancellor's Budget decision to tax mobile phones, according to a survey carried out by Nokia Mobile Phones, a manufacturer.

Two out of three cellphone users work in companies employing 20 or fewer people. The highest numbers are in the construction sector followed by manufacturing and transport, the survey showed. Nokia questioned more than 230 recent subscribers to its cellular network before the announcement of the new tax.

In his Budget announcement on March 19 Norman Lamont announced the introduction of a standard income tax charge on the private use of mobile telephones. Directors and employees will pay tax on a standard amount of £200 a year. (Sole traders, however, will not be liable for the tax when using their own phones.) The Inland Revenue expects to raise £10m in 1991/92 and £30m in a full year.

According to the survey, the typical cellphone user is male, aged between 35 and 44 and working in a small company. His interests are likely to be DIY and sport.

"This hardly tallies with the stereotype of harsh young men in the City," says Nigel Litchfield, managing director. The Freight Transport Association also added its voice to the protests. Tony Stanton, association president, said in-cab phones played a real part in maintaining efficiency for lorry drivers and executives with schedules to meet. Good communications saved wasted journeys, time and fuel, he added.

The Forum of Private Business, a lobby group, said those worst affected by the tax on mobile phones were the very small businesses singled out for help elsewhere in the Budget. The mobile phone tax and, more significantly, the increase in tax on company cars, will swallow up all the concessions made by the Chancellor to small firms, the forum claims.

Charles Batchelor

In the space of just 12 months AJ Industrial Blasting and Paints suffered 12 break-ins at its factory on the North Lynn Industrial Estate in Kings Lynn, Norfolk. "There were four burglaries in three weeks," recalls Adrian Wagg, managing director. "They ransacked the office, stole sweets from the canteen, tools, equipment, anything they could get their hands on."

"Crime on the estate was just getting worse," says Inspector Malcolm Brown of the Norfolk police. "There were so many break-ins and acts of vandalism and damage that industrialists were on the verge of leaving. The council could not sell any more land around there. We were fighting a losing battle."

In desperation Wagg told the local media he planned to sit in overnight in his factory with a shotgun. The resultant publicity drew the attention of the council and the other 40 tenants on the estate and prompted the police to rethink their approach. Meetings were held and in 1986 a crime reduction association was set up.

The association arranged for overgrown wasteland on the estate to be cleared, for the fragile asbestos cladding on many of the factory units to be replaced and for the street lighting to be improved. Closed-circuit television cameras, linked to a control room set up in a spare room in one of the larger factories, were installed.

"Crime on the estate stopped completely," says Brown. "We had no crime at all in the first year although since then there have been more than 60 arrests made as a result of the television cameras. The cameras even caught one company director climbing in to his own premises after he had mislaid his keys."

"There was nothing very clever about it. This sort of cover has always been available to major companies but the little ones could not afford it. They thought there was nothing they could do but put up with crime."

A growing number of small businesses and of the organisations which represent them are also coming to the conclusion that they do not just have to put up with effects of crime. Collective action of the sort taken at North Lynn is becoming increasingly popular.

Walsall Chamber of Commerce, for example, is working on a plan to increase the effectiveness of existing crime prevention measures in the town

by the appointment of a full-time co-ordinator of crime reduction activity. "We see an emerging role for the business community to reduce crime," says Jeff Marlow, the chamber's policy executive.

A further measure of the growing awareness of the impact of crime on business is the inclusion by the Home Office in Crime Prevention Week - starting on April 15 - of a day devoted to Business and Crime. This will include the launch by the CBI and Crime Concern, a government-backed crime prevention group, of a kit designed to allow small businesses to audit their exposure to crime.

Eliminating the costs of crime across business in the UK would be the equivalent of putting another £10 a week into every employee's pocket, according to a study carried out by the CBI and Crime Concern. The loss from crime averages 2 per cent of sales in the retail sector and 4 per cent in manufacturing and can tip the balance between viability and failure, the study noted.

The indirect consequences of crime on businesses and local

economies can also be significant. Businesses may find it difficult to recruit or retain staff if they do not feel safe at work or on the journey there while businesses will not move into areas where they perceive a high risk of crime.

But persuading small businesses to pay out extra for crime prevention can be an uphill task. Businessmen and women feel that their rates bills should cover the cost of policing. Yet they are expected to pay out still more on security precautions by their insurance companies, says Stan Mendham, chief executive of the Forum of Private Business, a lobby group.

The North Lynn initiative took place on an estate owned by West Norfolk Council which made a sizeable contribution - reluctantly, according to Adrian Wagg - to the cost of setting up the scheme. A similar initiative on Meridian Business Park in Leicester has been established without the help of local authority finance though it has had the backing of the company, Wilson Bowden Properties, which owns the estate.

When the Meridian scheme started in August 1989 the business park was just being established and it did not have a serious crime problem. But the 22 businesses on the park decided to take preventative action. Television cameras were installed, linked into the central control room of a large distribution company on the park which already had its own security system. Notices were posted prominently warning that cameras were in operation and the landscaping of the site was designed with security in mind.

Membership of the crime prevention association has since risen to 30 and there are plans to extend it to take in all 40 companies which are now based on the park. The present membership pay a total of £29,000 a year to maintain the security system.

The association decided to charge members on the basis of the square footage of their factories rather than on rateable value or number of employees. Businesses with up to 10,000 sq. ft pay £15 a week; those with up to 50,000 sq. ft £30 and those with more than

50,000 sq. ft £45.

In its first year the scheme led to a fall in cases of criminal damage from three to none and of thefts from seven to two.

The crime prevention association meets twice a year to discuss developments with the local planning officer and the police. An unexpected benefit has been that companies on the park are now much better informed about local planning developments which might affect their business, says Andrew Warren, acting chairman of the association.

Both the North Lynn and Meridian initiatives illustrate the importance of gaining sufficient commitment and financial support from businesses, the police, the local authority and private sector owners of the property. Both schemes covered clearly defined geographical areas.

Establishing a security scheme to cover small businesses in the centre of North Shields in Tyne and Wear proved less successful, however. The North Shields scheme was launched by the local Chamber of Trade and Commerce with financial backing from the Tyne and Wear City Action Team (CAT).

The scheme, which involved the employment of uniformed guards provided by a security company, was successful in reducing crime but folded on March 8 after three months because of lack of funds. The 50-plus small traders involved were unable to increase their weekly contribution of £10 when CAT funding ended and large local retailers could not be persuaded to join, says Ian Mackay, an insurance broker and treasurer of the chamber.

Only two large companies were prepared to contribute. Most large local retailers fronted a pedestrian arcade and had their own security arrangements, explains Mackay. Ironically the scheme was intended to prevent large retailers from pulling out of the town because of the high crime rate.

Co-operative crime reduction initiatives are only part of the answer to the problem of business crime because, statistics suggest, much business crime - theft and fraud - is committed by employees rather than by outsiders. But if the conditions are right small businesses can jointly create a level of security which was previously only available to the larger corporation.

Managers thinking of a buy-out should...

By Charles Batchelor

For managers thinking of staging a management buy-out, the present recession, far from reducing their options, provides greater opportunities.

Companies are more willing than ever to dispose of unwanted activities while venture capitalists have ample funds for backing the smaller, moderately priced deal.

In a recession change happens rapidly; new ideas are generated and the failure of older, weaker businesses provides openings for the bold entrepreneur.

A check-list on how managers should go about staging a buy-out has been drawn up by Grosvenor Venture Managers, which manages £60m of funds and has investments in 50 UK companies.

● Managers must have a serious desire to make money, not just a wish for an easier life or a desire to save their jobs.

● The business must be basically profitable; that is, making profits after head office charges and interest have been excluded.

● The business must have a strong cash flow which is capable of supporting it in the early days and of making a start with the debt repayments.

● The managers must be ruthless about disposing of non-productive assets to reduce debt.

● A manager must invest enough of their own money to encourage them to get out of debt as soon as possible. But debt must not account for too much of the purchase price.

● The management structure must reflect the needs of the business, not the relative financial input of each of the managers.

● The managers and the venture capitalists involved must share a common approach and common objectives.

● The managers must not pay too much for the company. Often managers devote a lot of time to discussing the agreement with their backers and not nearly enough in negotiating the price with the vendor.

● Commerce House, 2-6 Bath Road, Slough, Berkshire SL1 3RZ. Tel. 0753 811812.

In brief...

Smaller companies without their own export department or experience of selling overseas may find it useful to turn to a specialist export manager. These organisations, variously known as export traders, export merchants, buying houses or confirming houses which have their own network of contacts abroad.

For businesses looking for someone to take on the complexities of selling overseas the British Exporters Association has compiled a directory of more than 800 members and non-members.

Full details of each company are provided together with listings according to the product interest, geographical coverage and range of services provided.

The Directory of Export Buyers in the UK, from British Exporters Association, 16 Dartmouth Street, London SW1H 9BL. Tel. 071-222 5419, £55.

Small and medium-sized high technology companies seeking equity finance to develop and commercialise their research may wish to use a newly established database which links them to a small group of large European investors.

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Companies which have carried out research as part of a pan-European programme are preferred but others will also be considered.

Investors in the scheme are EuroCapital, a French-Italian consortium; INI, a Spanish regional development group; Euroventures Benelux, a venture capital company; FIP an Italian bank-owned group; Imotion and Partech Associates, both owned by French banks; and Sofipa, an Italian group.

The participants have at least £cn120m (£83m) to invest while further investors are being sought from other European countries.

Contact INNVEST, Longman Carrivill, Technology Centre, St Andrews, Fife, KY16 9EA, Scotland. Tel. 0334 17660.

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The case of the mysterious Joos

Patricia Morison visits the Pavillon de Flore at the Louvre to discover more

It is always an arresting moment when we realise that there, looking out at us from the midst of a sacred drama, stands the artist. Was it from vanity or pique that Joos van Cleve, Antwerp master of the first half of the 16th century, so often put himself in the picture? A characteristically bold variation on a theme is his "Last Supper", a key work in Joos Van Cleve at the Louvre which is at the Louvre's Pavillon de Flore until 27 May. Last on the left, the artist is waiting on the apostles, refreshing a wineglass as he looks at us with a slight scowl on his undistinguished, middle-aged features.

The Louvre exhibition is the latest in the "dossier" series of modest shows with a strong scholarly angle. In the case of the mysterious Joos the object is to explore his artistic development and his pictorial sources. Nine works by Joos have been taken from French public collections and exhibited with paintings and prints by artists who influenced him, most notably Gerard David and Joschim Patenier, and works by followers. Unfortunately, the scholarly argument is conducted by means of ill-lit panels hung somewhere around mid-thigh, with tiny text and a mass of black-and-white photographs. If that seems rather penitential, the catalogue is reasonably priced at £100.

Who, then, was Joos? He was a forgotten artist until a century ago when German art-historians married up an artist known as the Master of the Death of Mary with Joos van Cleve, who according to the guild records died in 1540. Briefly, he was court-portrait-

ist to Francois I of France and created a memorable image of that monarch's elegantly foxed features. Henry VIII also commissioned a portrait from Joos, although it was probably painted at long range in Antwerp. (How well Joos flattered his bloated English patron you can see at the current exhibition *Henry VIII Images of a Tudor King* at Hampton Court until April 14.)

With royal patrons and commissions from as far afield as Italy, no doubt Joos enjoyed the prosperous life-style of other master-painters in this rich city. In the 16th century the status of the artist had risen quite high enough for us to see Joos's role as wine-waiter in the "Last Supper" as a statement of personal humility rather than social fact.

Joos is a slightly chilly artist and on the whole his religious scenes, with their deep backgrounds of lush landscapes, lack a certain charm. However, this exhibition clearly shows Joos's importance in bringing Italian themes into northern painting. Prints and perhaps tapestries inspired him to break with convention, for it seems Joos never actually went to Italy. In the Louvre "Lamentation", for example, painted around 1520 by a merchant in Genoa, Joos showed the dead Christ in a gracefully foreshortened pose which he took from a print after Andrea del Sarto. For the first time in northern art, the mourners weep over a Saviour who is simply elegant in death. Perhaps to make sure that worshippers continued to feel to the full the grimness of Golgotha, Joos placed on the windingsheet a prominent *memento mori*, Adam's skull and crossed bones.

The fascinating "Last Supper" was the predella which went beneath this "Lamentation". Joos again broke with the past. Instead of placing his apostles around a dinner-table in a room bustling with servants and dogs, he followed Leonardo da Vinci in placing the apostles along one side of the table. Not that there is much that is Leonardoesque in the mood of this frieze of animated figures against a black background, cut off at the waist by a table strewn with violas. And here Joos put himself, a northerner who may never have crossed the Alps in the flesh but at least he sent himself south in image, pot-nosed and unabashed.

Les Repentins, which runs until June 17, exhibits a selection of 50 drawings in which we see artists from Leonardo to Picasso "repenting". A repent is an 18th-century French term for a drawing in which an artist has second thoughts. The theme of the show, rather over-emphatically proclaimed around the walls, is that through such mis-acts we can come particularly close to the creative process. And it is true, as the hand of the artist creates a maze of lines taking him from one solution to another, sometimes crudely pasting on a flap of paper to let him flip back, head to the left, head to the right.

The effects, of course, are often bizarre, as in Primaticcio's three-legged man, and yet there is often beauty in the monstrous armies of hydra-headed, many-armed figures.

Adam by Joos van Cleve

Doktor Faust

LEIPZIG OPERA HOUSE

Leipzig's music institutions played a pivotal role in the downfall of the old order in east Germany. Now they must help build the new. The city of Bach, Wagner and Mendelssohn has been hit as hard as any by the collapse of the east German economy, with its sore effect on cultural subsidies and audience figures.

No-one has any illusions about the task that lies ahead. But there are already signs of a new spirit at the Leipzig Opera House, where Udo Zimmermann - with a daring mixture of idealism and pragmatism - has transformed morale and standards in his first year as intendant. Doktor Faust is the evidence. Busoni's operatic testament - a highly ambiguous and unconventional piece of music theatre, as the 1990 ENO production proved - presents a major challenge for even the best-equipped of companies. But this Leipzig production, using Anthony Beaumont's realisation of Busoni's incomplete ending, turned out to be an unqualified triumph.

It had several built-in advantages: the majestic sound and unforced musicianship of the Gewandhaus Orchestra in the pit; a woody resonance in the large, accommodating Opera House auditorium to project Busoni's warm colouristic effects; and a conductor, Georg Schmida, capable of bringing symphonic coherence to this style-less music, with its exotic

expanses of polyphonic otherworldliness. Another asset was the powerful Leipzig chorus, which articulates and moves with single-minded coordination.

But performances of Doktor Faust generally stand or fall by the quality of the staging. Willy Decker's achievement was to find a simple theatrical metaphor for Faust's intellectual journey towards death and re-birth. The decor and costumes (Wolfgang Gussmann and Götz Fischer) steered clear of naturalistic images or any specific time-setting. Faust finds himself in the first scene in a cavernous black space, with mathematical equations chalked up over the walls representing the limits of his own rational thinking. In the course of the evening, as Faust progressively discards reason and reaches a higher level of consciousness, the stage becomes suffused with light from a shimmering blue background.

Within this highly-stylised framework, the staging drove home the dramatic contrasts between Faust and Margarete. The Parma scene, for example, was choreographed with surreal, slow-motion splendour around a vast white table-platform, the guests and wedding couple in futuristic white uniform and Mephistopheles acting as ring master. The cathedral and inn scenes were equally incisive, thanks to Decker's virtuosic handling of the male chorus.

And throughout the evening, the acting of the principals showed concentration and purpose. In the novelty-seeking world of German opera production, it is a relief to be able to salute a production illuminated by such clear, imaginative and economical ideas.

In the casting, too, Leipzig proved exceptionally fortunate. Faust was sung by Tomas Mowes, a young member of the ensemble who replaced an indisposed Roland Hermann. By any standard it was an outstanding performance. Mowes is tall, well-built and a commanding actor. He possesses a dark, handsome baritone which carries well. He has stamina - his final two monologues were delivered at full thrust. He is a major find.

Mephistopheles, a wily figure in grey coat and trilby, was Horst Hiestermann, Germany's leading character tenor. Lia Frey-Rahine, an American soprano who has probably been tackling too much heavy repertoire for her own good, sang the thickest part of the Duchess of Parma. The smaller roles suggested the Leipzig ensemble is uncommonly well-cast. With Ligeti's *Grand Macabre*, a promising Elektra and the world premiere of a full-length opera by Jörg Knecht already announced for next season, Leipzig is back on the operatic map.

Andrew Clark

Deszö Ranki

WIMORE HALL

Taking the place of the late Walter Klian on Saturday, Ranki offered Mozart playing of a high order. Highly personal, insofar as his piano-sound is individual and unmistakable, but not "personal" at all in the sense of boasting quirks or ticks. Well, just one: in moments of intensity - and much of his Mozart was remarkably intense - his stressful inhaling and exhaling could be heard at the back of the hall. (He must be hard to record.) That hardly counted as a distraction, given the unyielding grip of his performances.

With Ranki, two Mozart sonatas in each half of the recital didn't seem short measure. His touch was deceptively soft at the onset, in the G major Sonata K. 283; indeed, even in strong forte later one was made to forget that the piano is a percussion instrument. For Mozart he prefers a firmly constrained dynamic range, without extremes at either end, but so richly and subtly graded as never to suggest the patronising music-box effect we often hear. Certainly there was no want of power in the dark A minor Sonata, K. 310 (in which the Presto finale had an eerie half-voice urgency), nor in the big "concerto"-style B-flat Sonata, K. 333.

Like Homero Franceschi, whom we heard on Wednesday, Ranki is bracingly strict about

rhythm; but unlike him, the pulse is not treated as something upon which the music is fitted - rather, it seems generated from within the music. That is a great difference. And Ranki's chief concession to the modern instrument was to allow himself a generous but extremely refined use of the damper-pedal: with it, he achieved a lovely, glowing clarity in every kind of texture, whether spare or full of notes, and everything sang.

Each sonata had its own precise stamp of character (the one not so far mentioned was K. 311 in D, a performance of delectable charm), but in capturing their musical variety Ranki disdained any pianistic "effects". Passionately committed musicianship was sufficient for him, and for all this music. A thoroughly rewarding evening.

David Murray

Royal premiere of Zeffirelli's 'Hamlet'

The premiere of Franco Zeffirelli's film version of *Hamlet*, starring Mel Gibson and Glenn Close with Paul Scofield, Alan Bates, Ian Holm and Violet Bonham-Carter, takes place on Thursday April 18 at the Odeon Haymarket in the presence of the Duchess of York.

The screening is a benefit for the Shakespeare Globe Trust.

Love's Labour's Lost

BARBICAN THEATRE

After an absence of several months, the Royal Shakespeare Company has made a joyous return to its London residence with its *Love's Labour's Lost* first performed in Stratford last August. A short notice would read simply: Welcome Back! It is hard to see why *LLL* should have been regarded for nearly three centuries as Shakespeare's weakest play, though that is what scholar after scholar attests. The truth is that it is better seen than read. The piece has one weakness for a contemporary audience: it contains a number of passages that may have been hilariously and bilingually topical when the play was written but are now rooted in an obscurity which defies elucidation.

There is also a reservation: it needs to be performed with enormous style. That is not a problem for the RSC which has come up with one of its most polished productions at every level: lighting, set, costumes, acting and use of music.

Nothing is out of place. The dress is Edwardian, the setting

is beautifully, bucolically rural, though with civilisation never far away: there is a touch of a Glynedebourne picnic near the end. The production, directed by Terry Hands, has shades of Glynedebourne, too. *LLL* is a very musical, stylised play. Perhaps the biggest compliment one can pay it is that it has Shakespeare written all over it. Practically every scene and every character will remind you of something that Shakespeare developed later. But that does not mean *LLL* is immature. On the contrary, everything hangs together.

Amid such praise, it is hard to give everyone their due. In no particular order of merit, note the splendid playing of the King of Navarre by Simon Russell Beale. Beale is an actor who manages to get himself into all sorts of shapes, sometimes bandy-legged, sometimes with great dignity. Note also the ensemble playing by the ladies of the French court. Occasionally they even manage to out-act the men.

Amanda Root is a superbly mischievous Rosaline. Never take your eyes off the set where the colours change subtly as the play goes on. The Barbican stage is big enough to allow plenty of action, hiding behind bushes, climbing trees and general romping. The space is used to the full.

The play is not without its sadder moments: for example, the departure of Holofernes, the pedantic school master, with the words "This is not generous, not gentle, not humble" when his pageant is not taken seriously. That is well done by David Troughton. The production also manages to arouse an unusual frisson when the messenger announces the death of the King of France.

Holofernes has a line "Video et gaudere" - I see and I rejoice. Although a sight has been cut, that is an entirely appropriate comment on the show.

Malcolm Rutherford

Karlos

SCHAUSPIELHAUS, DORTMUND

Karlos was the mad hunchback son of Spain's Philip II who was groomed to be Emperor of the World and died from an overdose of partridge paté aged 23. For centuries, he has haunted dramatists: he was a model for Calderon, Schiller idealised him in *Don Carlos* and now Tarkentzen Dorst casts him as modern tragic hero.

Dorst's *Karlos* was written last year and since its Munich premiere theatres up and down Germany have been queuing to have a go. It's a gob-stopping play of a play: bold staccato dialogue fired like gunshots, a full-blown emotional assault that at times becomes unbearably intense. Arthur Miller, Dostoyevsky come to mind.

The background to *Karlos* is the unholy alliance between Spanish state and Inquisition in the 16th century. Catholic iconography drips through every one of Guido Huonder's scenes: the rich sweet claustrophobia of his church setting, the dignitaries in black and red robes, the noiseless mums-cum-stagehands, praying in the wings when they're not moving an altar or "Pietà". Heinrich Heine's jagged *Requiem* composed for the Dortmund production.

In this court of ritual and appearances, Karlos unleashes persecution fantasies, tantrums, abuse. In a moment of cabaret farce, he reveals one of Philip's worthies as a man-size Great Dane (Jörg Diener) held on a chain, growling and grunting under the same constraints as everyone else.

Taken until he turns intriguer, Karlos is then out-dubbed: he may continue meeting his pals but the inquisitor substitutes doubles for the real grandees. As facts and his perceptions are driven further apart, he is rendered harmless but quite insane.

A gallery of grotesques to begin with, Huonder's sumptuous court gradually turns into a horror chamber as Karlos' last links with reality are cut. Steely King Philip (Claus Dieter Clausnitzer) pops up with unimpeachable plastic eyes bulging out of his sockets. There's a bald pregnant whore (Christi Weibhoff) whose misshapen breasts, crowned with pink satin tassels, droop to her stomach. The cook (Jurgen Mikol) offering the fateful paté is doubled up and encased in a ruff three times his size.

Dummies whizz past, Dorst has his play-wright's joke - both we and Karlos witness not historical personages but actors playing them - and then twists the allegorical knife. Who's playing whom anyway?

If Dorst is sometimes too clever for his own good, this production pulls him back into sheer good theatre, and Huonder has a genius for crowd scenes. There are moving parallels between Karlos' desperation ("I am the God of your decisions") and Philip's panic ("But me! Here I am in reality!"). By contrast Hartmut Standke's intellectual El Greco Inquisitor ("I am the Governor of an empty Heaven") cooly plays at power, metaphysics or God.

Ines Burckhardt was Huonder's Hamlet in an earlier Dortmund production and he brings to Karlos the same complex of neuroses: Oedipus and ghosts, death wishes and mad sexuality, imagination and realism which challenge the status quo. Burckhardt has a little serpent body and a pale fragile face, like a Commedia dell'arte mask, that never stops moving, quivering, babbling, giggling, sobbing. By the fourth hour, Dorst is repeating himself, but you could happily watch Burckhardt all night long.

A gallery of grotesques to begin with, Huonder's

Jackie Wulkschlager

Maria McKee

TOWN & COUNTRY

Though the highly coiffured, soft-focus portraits adorning the cover of her first album 18 months ago would have had you believe otherwise, there is nothing remotely wistful or wishy-washy about Maria McKee. She began at the top, heading up the band Lone Justice, supporting U2 on a world tour, and finding that there's a little showbiz just a great and the good.

Dylan, Tom Petty, Robbie Robertson - were queuing round the block to write songs for her. Yet her solo venture never created the waves confidently predicted, perhaps because everyone then had just enough of solo female singers, and probably because McKee was too hard to categorise: unthinkingly - not a country singer or a folkie, or an out-and-out rocker.

But as her show at the Town & Country demonstrated, she remains a bit of all of those, and much more than the sum of the parts. She still appears

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Her raw material is less convincing though; despite all those VIP writers she is still looking for some really memorable songs.

Rock music still expects its singers to write their own material as well, and McKee seems to be at her best squeezing every ounce out of other people's. Yet it doesn't stop her putting the kind of act that many of her peers would find hard to match.

Andrew Clements

Walcott wins W.H. Smith award

The West Indian poet Derek Walcott has won the 1991 W.H. Smith Annual Literary Award for his epic work *Onesimus*.

The £10,000 prize was awarded on his behalf by his publisher, a review that at a lunch at the South Bank Centre.

INTERNATIONAL ARTS GUIDE

TODAY'S EVENTS

BERLIN

MUSIC
Komische Oper 20.00 Harry Kupfer's production of Gluck's *Orfeo* with Jochen Kowalski in title role, sung in German. Tomorrow: Feilenstein's long-running production of Offenbach's *Barbe-Bleue*. Thurs: *Romeo and Juliet*. Fri: *Glustino*. Sat: *Bohème*. Sun: *Figaro* (2292 555).
Deutsche Oper 19.30 Stefan Soltesz conducts the filigreed Hollander with Jose van Dam in title role and Liane DeVol as Senta, also Fri. Tomorrow: *Silnopol* conducts *Macbeth*. (3410 248)
THEATRE
This week's repertoire includes Brecht's *The Good Person of Sezuan* and Heiner Müller's *Germania Tod* in Berlin at the Berliner Ensemble (2627 712).
Schiller's *Nathan the Wise*.
Schiller's *Maria Stuart* and Kleist's *The Broken Jug* at the Deutsches Theater (2871 225).
Ibsen's *John Gabriel Borkman* and G.B. Shaw's *Heartbreak House* at the Kammertheater (2871 225).
The Comedy of Errors and Molière's *Le Malade Imaginaire* at the

Volkshaus (2682 748). In the western part of the city the Scheubühne (8900223) is presenting Peter Stein's production of *The Cherry Orchard* and Luc Bondy's production of *The Winter's Tale*, while the Schiller Theater (3195 239) has Schiller's *The Robbers* and Thomas Brasch's modern adaptation of the *Romeo and Juliet* story, *Liebe Macht Tod*.

BRUSSELS

MONTE CARLO 20.00 Kent Nagano conducts Peter Sellars' production of *The Death of Klinghoffer*, new opera by John Adams. This is the last performance in Brussels: the production transfers to Lyon for five performances between April 13 and 21 (219 6341).

FRANKFURT

ALLE OPER 20.00 A Chorus Line, original Broadway version of the musical. Runs till Sun (1340 400).
WELSHRAUENKIRCHE 20.00 Members of the Frankfurt Opera ensemble present a concert of music by Mozart, Debussy and others. The Frankfurt Opera re-opens on Sat with *Die Zauberflöte* (228061).

GENEVA

Grand Theatre 20.00 Jeffrey Tate conducts Kurt Wilhelm's production of *Intermezzo*, with Inga Nielsen as Christine. Also Thurs and Sat (212311).

LONDON

MUSIC
Royal Festival Hall 19.30 Klaus Tennstedt conducts the London

Philharmonic in a Czech programme, including Dvorak's Eighth Symphony and Janacek's *Sinfonietta*. Tomorrow: Academy of St Martin-in-the-Fields. Thurs: National Youth Orchestra plays *The Rite of Spring*. Fri: Rattle conducts the CBO. Sat: Kurt Masur conducts the London Philharmonic (928 8800).

Barbican Centre 19.45 John Williams plays guitar concertos by Rodriguez and Patrick Gower, with Royal Philharmonic Orchestra conducted by Charles Groves. Fri: Groves conducts Vaughan Williams' Fifth Symphony. Sat: James Judd conducts the Halle (838 8891).

THEATRE
This week's shows include Royal Shakespeare Company production of *Much Ado About Nothing*, directed by Bill Alexander (Barbican). The Last Days of Don Juan, Nick Dear's hard-edged comic version of Tirso de Molina's bawdy morality play (The Pit). Inevitable Friends, Alan Ayckbourn's play for all the family (National). The Shape of the Table, David Edgar's witty play about the collapse of an Eastern bloc government (National) and Rick's Bar Casablanca, a new play based on the Bergman/Bogart film classic (Whitehall). Phone Theatreline: Plays 0836 430959 Musicals 0836 430960 Comedies 0836 430961 Thrillers 0836 430962.

MILAN

Teatro alla Scala 20.00 Revival of Lamberto Puggelli's production of *Adriano Lecocqueur* conducted by Gianandrea Gavazzeni, with Mirale Freni in title role, also

Thurs, Sat and Sun. Tomorrow in Teatro Lirico: last performance of Hans Werner Henze's latest opera *Das verbotene Meer* (7200 3744).

MUNICH

Staatsoper 19.00 Donato Renzetti conducts Ponnelle production of *L'italienne in Algeri*, with cast led by Lucia Valentini-Terrani, Simone Alaimo and Frank Lopardo, also Sat. Tomorrow: Nutcracker. Thurs: Sawallisch conducts Mathis der mals. Fri: ballet triple bill. Sun: Il barbiere di Siviglia (221315).

NEW YORK

MUSIC
Avery Fisher Hall 20.00 Piano recital by Andre Watts, with music by Schubert, Chopin and Ravel. Tomorrow: Bruno Leonardo Gelber plays Rakhmaninov's Third Piano Concerto with Orchestra Nazionale de Lyon conducted by Emmanuel Krivine (874 2424).

Carnegie Hall 20.00 Riccardo Muti conducts concert performance of Tosca, with Philadelphia Orchestra and a cast led by Carol Vaness. Giuseppe Giacomini and Giorgio Zancanaro. Thurs: Pinchas Zukerman conducts English Chamber Orchestra. Fri: Tokyo Metropolitan Symphony Orchestra (247 7800).

Metropolitan Opera 18.30 James Levine conducts Otto Schenk's new production of Parsifal, with Plácido Domingo in title role and Jessye Norman as Kundry. Tomorrow and Sat: I Puritani. Thurs: Tosca with Teresa Stratas and Neil Shicoff. Fri: Figaro (362 6000).

THEATRE

This week's shows include the Musical Miss Saigon, a transfer of Nicholas Hytner's acclaimed London West End production starring Jonathan Pryce and Lea Salonga (Broadway Theater). Candice, G.B. Shaw's play about a suburban London metron who must choose between her husband and an 18-year old poet (Playhouse 99). Larry Gelbman's *City of Angels*, a combination of musical comedy and thriller (Virginia) and Mule Bone, long-lost Harlem renaissance comedy about southern black society (Ethel Barrymore). Ticketron (248 0102) answers inquiries and sells tickets.

PARIS

DANCE
Palais Garnier 19.30 Opera Ballet in Nijinska/Nijinski programme of four ballets, with music by Poulenc, Debussy and Stravinsky. Runs till April 13 (4742 5371).

MUSIC
TMP-Chatelet 19.00 Song recital by Dimitri Ivorostovsky, first of this week's recitals by international prize-winners, with programme including extracts from operas by Bellini, Verdi and Handel, and songs by Rakhmaninov, Scarlatti and Carissimi. Tomorrow: Marc Coppey, cello. Thurs: Ekaterina Skanev, piano. Fri: Vadim Repin, violin (4028 2840).

Theatre des Champs-Elysees 18.30 Jean-Philippe Audioli accompanied by Jean-Louis Heguenauer plays Mozart violin sonatas. Tomorrow Beata Halska plays a similar programme. Thurs: Erich Leinsdorf conducts the Orchestre National de France (4720 3837).

THEATRE

This week's repertoire includes Strindberg's *The Father* and Gildas Bourdet's production of Molière's *Le Malade Imaginaire* at the Comedie Française (4386 4360); and *The Duchess of Malfi* at the Theatre de la Ville directed by Matthias Langhoff (4274 2277).

VIENNA

This week's events - tonight: Lehar's *Der Graf von Luxemburg* at the Volksoper. Tomorrow: recital by Marjana Lipovsek at the Konzerthaus and a concert by the Gustav Mahler Jugendorchester at the Musikvereinsaal, with Berlioz's *Symphonie Fantastique* conducted by Serge Baude. Thurs: Charles Dutoit conducts the Vienna Symphony Orchestra at the Musikvereinsaal, with Rudolf Buchbinder soloist in Beethoven's Fifth Piano Concerto (repeated Fri, Sat and Sun), and Barbara Moser gives a piano recital at the Konzerthaus. Fri: Eva Marton sings Tosca at the Staatsoper. Sat: Vladimir Atlantov sings Carlo in Cav and Pag at the Staatsoper. Sun: Rene Kollo sings Lohengrin.

WASHINGTON

Kennedy Center Concert Half 19.00 Richard Hickox conducts National Symphony Orchestra in Mozart's Mass in C minor and Clarinet Concerto, soloist Richard Stoltzman. Tomorrow: *Missa Ubi* plays Mozart. Thurs, Fri and Sat: Lorin Maazel conducts Cheeson, Sibelius and Beethoven (467 4500).
Kennedy Center Opera House 20.00 Dance Theater of Harlem. Runs till Sun (467 1600).

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Compensating for apartheid

SOON the last legislative remnants of apartheid will be removed from South Africa's statute books. But the legacy of apartheid will remain with black South Africans for years, and nowhere is black anger greater than the issue of land reform, which is currently being debated in parliament.

Over-simplified, black South Africans believe their land was stolen from them by whites who reply that their forebears settled and developed land which was previously unoccupied. Pretoria's solution is to suggest that blacks forget the past. "In the interest of peace and progress," says the government's white paper, "the present situation should be accepted." In four short sentences, one of the most emotive issues in South African society is simply brushed aside.

Pretoria should think again. For while no one would suggest that it is desirable to adjudicate land claims arising from obscure battles between Boers and tribesmen long ago, South Africa's recent history of mass evictions and forced removals is well-documented. In the past 30 years alone, some 3.5m blacks have been evicted from their land by force, part of Pretoria's policy of removing so-called "black spots" from white South Africa. Government officials insist all were compensated for their loss, but the gift of a plot of land in a distant and unfamiliar part of the country (where provided) could not compensate for the loss of tribal land, homes, schools and farm animals.

Not surprisingly, the government blanches at the thought of restoring land to those evicted. Australia, Canada and the US avoided satisfying their indigenous populations, it is argued; why should white South Africa do more?

Tensions exacerbated

The answer lies in self-interest, if not in justice. Reaching and maintaining a constitutional settlement is linked to economic issues. The causes of the latest upsurge of violence in black townships are complex, but tensions have recently exacerbated by poverty and the frustrations of a generation of rural migrants deprived of their roots. A land

redistribution programme would help defuse black anger, create jobs, and help black leaders "sell" a new constitution to their followers.

Such a programme was a critical factor in the Lancaster House negotiations which brought about Zimbabwe's independence. The scheme, funded in part by Britain, protected the rights of the mainly white commercial farmers while going some way to meet peasant demand for more land.

Had the government proposed a comparable scheme, and sought international help, it might well have won a sympathetic response. Perhaps fearful of right-wing opinion, however, Pretoria has ducked the issue. Black South Africans are asked to trust chiefly to market forces to redress imbalances. The government's redistribution of land is ruled out. (14 per cent of the population) own 87 per cent of all land; white farmers have an average holding of 1,700 hectares, of which 236 hectares is arable, while blacks' average holding is 13 hectares, of which only 0.5 hectares is arable. White farmers receive about 50 times as much financial and other assistance as their black counterparts.

Welcome step

Under the proposed legislation, the 189 laws and 15,000 regulations which enforced these inequities will be abolished. That is a welcome step towards the creation of a society where race does not constitute an opportunity.

But equality of opportunity — equal rights to purchase property, equal access to the South African Land Bank, equal provision of extension services — will not be enough to lift black South Africa out of poverty. The white paper proposes some affirmative action to redress imbalances, but it is limited. Under 0.5m hectares of land is identified for resettlement by black farmers, compared with the 8m hectares currently owned by 60,000 white farmers. Property rights are to be upgraded for some 300,000 urban families immediately, with a further 1m to be upgraded in the next five years. The agreement on a new constitution would improve if Pretoria were to acknowledge that much more needs to be done.

Women, work and equality

ONE OF England's dottier recreations is to spend the first half of the first day of April playing practical jokes. Thus, yesterday, listeners to BBC News were told of plans to make a popular radio disc jockey Britain's first minister of rock. The French, who already have such a minister, may not consider this a wholly original joke, but they would surely find it typically British in its mockery of the colourful, symbolic political gesture.

So, the Labour party cannot be surprised at the sneers which greeted its recent pledge to create a ministry for women. Mr Kenneth Baker, the home secretary, once said such a ministry would do as much for women as Orwell's ministry of truth did for the facts.

In reality, a Cabinet minister charged with responsibility for women's questions could offer Labour what management consultants call a "change champion" and might not be altogether a bad thing. It would certainly not, however, be a good idea to build the kind of ministry Labour has in mind, with a network of regional offices, perhaps as many as 300 officials and endless opportunity for confusing overlap with the Equal Opportunities Commission.

But the more important charge to be made against Labour's document is that it fails to get to grips with the policy issue of greatest concern to most women — childcare — although it does argue strongly the case for tightening up Britain's equal pay law. Last November, the EOC called for wide-ranging reform in these laws and yesterday the Confederation of British Industry published its response.

Expensive promises

It is easy to see why Labour should wish to duck on childcare. Although Britain's childcare provision is among the poorest in the European community, any major extension of state facilities must compete with demands from other deserving points in the education spectrum. And anyway, Labour cannot afford expensive promises.

Meanwhile the government does little apart from a nod in the direction of tax-incentives for workplace nurseries.

Recent cuts by Midland Bank, one of the more energetic pioneers of workplace childcare, demonstrates the limits of these private sector-led arrangements, especially in a recession. What is needed is a serious evaluation of the educational and financial considerations in favour of extended state funding for childcare — whether through tax incentives, direct provision or some other mechanism.

That women are still far from workplace equality is beyond doubt. Although Britain has a high female participation rate in its labour force, it also has a stubborn gap between women's and men's earnings. In 1988, the average hourly pay of women was 74 per cent of the male rate; last year it had risen to 77 per cent.

This advance is one piece of evidence offered by the CBI for a generally hostile response to the EOC case. The commission wants a network of regional offices, perhaps as many as 300 officials and endless opportunity for confusing overlap with the Equal Opportunities Commission.

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They trooped into Methodist Central Hall like the ghosts of recession past. These were skilled workers, the craftsman and technicians who only a few months ago were among the most powerful employees in the British labour market. Now 10,000 of them face redundancy from British space. Their desolate protest march through Westminster last week showed the sudden slackening in demand for skills amid defence cuts and recession.

The following day, a group of pale-faced teenagers gathered in the Queen Elizabeth II conference centre next door for the glossy launch of the government's latest initiative to improve training in Britain. They heard Mr Michael Howard, employment secretary, land the £120m training credits scheme giving youngsters in 11 regions vouchers worth up to £1,500 for training. They were fitted by a German television crew curious at Britain's latest effort to end the long years of inadequate training for its under-skilled and ignorant workforce.

This week, the experiment of which training vouchers form a part begins in earnest. A further 22 of the employer-led Training and Enterprise Councils (Tecs) will begin operating, leaving only nine of a network of 82 in England and Wales to come. Control of public and private sector training will pass to Tecs and their equivalent Local Enterprise Companies (LECs) in Scotland. Employers will take over a plethora of government schemes, and try to devise new ways of encouraging companies to spend more on training.

The experiment could hardly be starting in less auspicious circumstances. It is the fate of Tecs to have been conceived in good times, and born in bad. Sir Norman Fowler, Mr Howard's predecessor, first mooted handing over large parts of his depart-

The activity and enthusiasm of Tecs have encouraged hopes that Britain may be on the verge of a training practices breakthrough

ment's functions to private sector chief executives in 1988. Employers were crying out for skilled workers, and the demographic shift promised an enduring shortage of young people. The idea of using more of the nation's push employers into doing more training seemed likely to bear fruit.

So the government opted for what Mr Robert Jackson, Mr Howard's deputy, calls "co-operation and partnership rather than coercion". As it planned its network of Tecs and LECs, it dismantled the last vestiges of compulsion from the 1964 Industrial Training Act. Instead of forcing employers to spend money on training, it invited 1,200 chief executives to join employer-led boards modelled on German chambers of commerce and Private Industry Councils in the US.

The activity and enthusiasm of Tecs so far have encouraged modest hopes that Britain may at last be on the verge of a breakthrough in overhauling its training practices. "Although Tecs are still in the foothills, and we will not be able to judge it properly for a year or two, all the signs look good," says Sir Bryan Nicholson, chairman of the Post Office and a leading advocate for training within the Confederation of British Industry. "The foundations are in place and the opportunity for change in the next few years is enormous," says Mr Eric Dancer, chairman of Devon and Cornwall Tec.

Many of the chief executives comprising two-thirds of Tec boards are taking an active interest in training for the first time. It has been the preserve of personnel directors in their own companies. But now they are negotiating with local training

As the Training and Enterprise Councils network prepares to expand, John Gapper and Lisa Wood express a note of caution

Conceived in good times, born in bad

providers, talking to schools and colleges to arrange vocational courses, even flying to Hong Kong and Canada to examine training ideas abroad. Effort has been duplicated, and some Tec leaders say they would benefit from more co-ordination.

The optimism is encouraged by an emerging consensus between the political parties about the need to support the Tec framework. Although the Labour party criticises voluntarism, and wants to use the stick of levies to encourage training, it has accepted the idea of employer-led Tecs. Mr Tony Blair, shadow employment secretary, couches his attacks in terms of helping Tecs perform better.

But amid this good cheer and bullish enthusiasm, a set of doubts has emerged over the direction of Tecs and the background against which they will operate.

The first uncertainty is the recession. The hardest lesson of the 1980s for many companies — and one which encouraged chief executives to join the Tec movement — was the manner in which they contributed to the problems of skill shortages and wage inflation in the later part of the decade by cutting training and sacking skilled workers in the recession of the early 1980s. "If employers simply switch off again, then Tecs are not going to be able to do anything more than tinker with public training schemes," admits Mr John Cridland, the CBI's deputy director for education and training.

There is some evidence that this recession is different: surveys by the CBI and the Industrial Society have found most employers maintaining training. But the pressures will get harder now the recession lasts. Some say the draining away of labour shortages exposes a fatal weakness at the heart of Tecs. "The key to the whole market-led model was that workers were in demand and could pick and choose among employers. The problem is that just as it is being put into practice, the labour market has gone into reverse," says Mr David Finegold, a Warwick University research fellow.

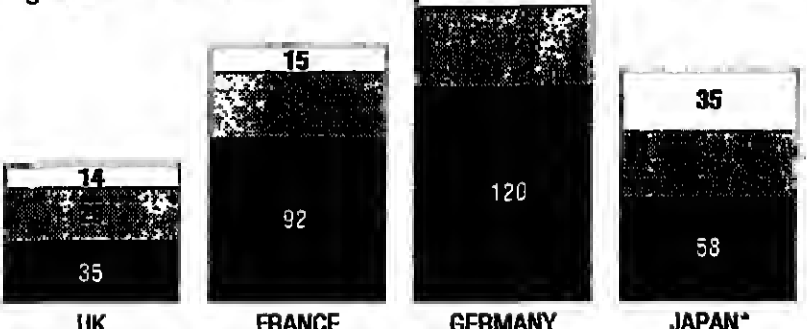
The second doubt has been created by cuts in government training expenditure, which will continue until 1994. The government wants employers to bear more training costs. Tecs support the idea, but say the fall in employer subsidies has been too abrupt, raising unemployment. Some have started to cut smaller budgets. "We are not at the stage of being demoralised, but it has made for a degree of cynicism among employers about what the government is doing," says Mr David Stone, a member of the Sheffield Tec board.

The biggest impact has been on training providers in the voluntary sector. Cuts in the Employment Training (ET) programme for adult unemployed could lead to a layer of providers being wiped out. The National Association for the Care and Resettlement of Offenders stands to lose 9,000 of its 13,000 training places. Not only is the number of ET places being cut, but Tecs are reducing the amount they pay for places. A quarter of funding is tied to the attainment of



Qualifications in engineering and technology 1985

Figures in thousands



Source: Engineering Council, 1989 / National Institute Economic Review, Feb 1988

qualifications: training providers say this allows the more easily-trained jobless to be "creamed off".

The third doubt about the employer-led framework is that it will be exploited by the employers. Money will be spent on marketing the idea of training rather than improving the substance. New forms of certificate will give spurious recognition to the existing level of skills. Mr Jackson says recognition is a key part of the effort. "One of our problems is that we do not have a culture of certification. It is not that people are untrained, it is that they do not think it is important to have a piece of paper," he says. He argues that depressing comparisons of skill levels abroad may be misleading.

The potential exploitation of the framework has been most scathingly criticised by Professor Sir Prais of the National Institute of Economic and Social Research. "If you can hit a nail with a hammer in front of a foreman, you will get a qualification even if you cannot read and write," says Mr Prais of the National Vocational Qualifications (NVQs) on which the government pins its hopes of rigour. He says employers are being allowed to set narrow standards which suit them rather than those which would help produce the multi-skilled workers Britain needs.

All this has raised questions over whether Tecs can stimulate better quality training by employers, and more commitment to it from workers.

Pole to head peace body

The esteemed Stockholm International Peace Research Institute is to have a new director: Daniel Rotfeld, a former Polish diplomat and expert on conventional arms control in Europe. The institute's board is recommending him to the Swedish government as a successor to Dr Walther Stiltz, a German.

The institute was formed in 1986 to mark Sweden's 150 years of unbroken peace. Stiltz, the institute's first director, was a Polish diplomat and expert on conventional arms control in Europe. The institute's board is recommending him to the Swedish government as a successor to Dr Walther Stiltz, a German.

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In earlier years the director's job tended to be monopolised by Englishmen. The first three directors were Professor Robert Ruggie, Frank Barnaby and Frank Blackaby of the National Institute for Economic and Social Research.

Rotfeld's appointment would strengthen SIPRI's European orientation. His own past — like that of so many SIPRI directors — has been scarred by tragedy. All his family perished in the Nazi Holocaust, and he was saved by priests. Educated in an orphanage in Warsaw after the war, Rotfeld worked his way through university in Poland's diplomatic and academic ranks. He was a strong supporter of Solidarity in its early days but became worried by Lech Walesa's leadership style before he was elected president.

A cautious but friendly man, Rotfeld is highly regarded as a scholar who moves easily between the worlds of diplomacy and academia. An insider candidate, he has spent several years in the institute as a research fellow.

Vacuum

Alastair Ross Goobey's disappearance into the Treasury this morning, as a special adviser seconded there, leaves a bit of a literary

OBSERVER

vacuum at the top of the dry old world of investment analysis.

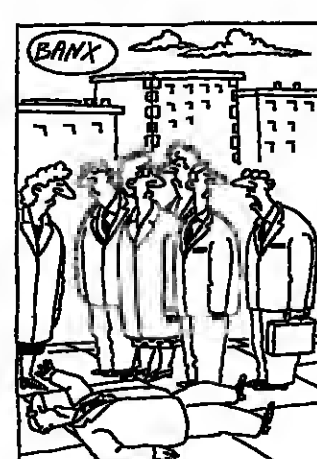
The 45-year-old Ross Goobey, James Capel's chief investment strategist, will be remembered not so much for calling the market right, but as author of a share market's weekly investment commentary. For example, it was he who first publicised the remarkable correlation between the Guardian young businessman of the year award and business success.

Having worked for Norman Lamont in the run-up to the 1987 general election, Ross Goobey looks to have much the same role this time round. Incidentally, one of his last private-sector predictions was that the next election will be on Thursday October 24, a week after UK price inflation is officially supposed to drop below 5 per cent.

Although Martin Faling, Ross Goobey's colleague at Capel, will continue the official guide to the 1,000-plus members of said profession in Britain, does the omission reflect County NatWest's own view of its future?

Philip Angus, head of research there, denies it. There's nothing sinister in the matter, he says. "We get a lot of requests for information, and they take up a very large amount of time." In common with a handful of snooty firms, such as Cazenove, he sees no benefit in appearances in the directory.

Even so, suspicious souls might insist that it is at least a pity by County NatWest to make life harder for hovering headhunters.



"Let me through — I'm an accountant."

ous edition. As the directory — published by Citigate Communications and the Society of Investment Analysts' journal — purports to be the official guide to the 1,000-plus members of said profession in Britain, does the omission reflect County NatWest's own view of its future?

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Soviet president lately imposed almost across the board.

But the Gorbachevka is only one of a thicket of tax decrees, draft laws and proposals helping to dissuade western business chiefs from investing in the increasingly depressed Soviet economy.

Fortunately, they can now seek guidance from a gamekeeper turned poacher: Natalia Milichukova. She has given up her chief tax inspector's job in the joint venture and foreign persons and entities department of the main tax inspectorate in Moscow, and joined Price Waterhouse's practice there as international tax manager.

A Russian born in Petrovskoye in Kazakhstan but brought up in Moldavia, she is anxious about the shorter-term outlook. Although still supporting President Gorbachev, she fears that the deepening economic crisis will bring back the old centralised command system. "It won't work, and western companies cannot be built into such a system."

Beyond that, however, the long, patient task of creating modern financial and other institutions and re-building civil society will continue — and so, she thinks, will the need for a friendly hand to steer foreigners through the tax jungle.

Bust

W.B. Yeats, poet of the Irish struggle for independence, went walk-about this weekend as Ireland celebrated the 75th anniversary of the Easter 1916 rising.

A large, brown bust of W.B. disappeared from its plinth in Sandymount, a Dublin seaside suburb. But the poet was quickly recovered. Irish police saw two men acting suspiciously in a neighbouring garden. When they investigated, a man carrying the poet's head dropped it on his accomplice's foot. One was arrested, the "Gorbachevka". It's their name other was taken to hospital.



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West German bureaucracy is stifling entrepreneurship in the east. David Goodhart reports on the lessons of the telecoms sector

The absorption of east Germany into the capitalist world has not yet provided west Germany's small band of free-market enthusiasts with much to cheer about. They had hoped that the scale of the task would force their own country's regulated capitalism into imaginative entrepreneurship in the east which would in turn call into question inflexibility in the west.

In fact, it is business as usual. Some of west Germany's subsidies to encourage development in particular regions are being phased out but most industry-specific subsidies remain. Talk of privatisation in the west to cover the yawning budget deficit remains vague. Trade union power, too, seems to have been effortlessly extended from west to east.

Even worse, say some liberals, west Germany has exported to the east not its *Beanie* (public official) mentality with its attention to the letter of the law, an attitude which has compounded uncertainty over ownership rights in the east by encouraging a willingness to scrutinise closely all claims.

The east has, understandably, adopted the west's welfare system plus many traditional investment subsidies. But the government has at least opted for the market solution for rents, which should provide capital for housing renovation.

Elsewhere in the east there is no evidence of the promised private capital for infrastructure projects or flexible planning procedures. Also the *Treuhand* agency charged with privatising the east's industries is being forced by the politicians - who have a different agenda - to abandon market principles to become the state holding company that Mr Detlev Rohwedder, the president, wanted to avoid.

Mr Rohwedder has tried to block the creation of pan-German monopolies, but the east's electricity industry and banking system fell to the west's oligopolies and, more recently, the retail system has been gobbled up by big western chains.

However, for many economic liberals the paradigm for west Germany's bureaucratic take-over is the manner in which Telekom, the west's state-owned telecommunications giant, has tackled the investment-detering telephone bottleneck in east Germany.

This task has fallen to Telekom following partial liberalisation in 1989, in which fax, data transfer and other non-voice services were opened to

Pressure is growing for a radical solution

competition and taken up by private operators, analysts are divided about whether east Germany will push Telekom towards further liberalisation or back to statism.

The way the finance ministry ordered Telekom to raise tariffs (already among the highest in Europe) to help pay for unity certainly made a mockery of the business independence that Telekom was supposed to have won in the 1989 reforms. Some at Telekom argue that to cover the east's investment needs, extra protection is required for Telekom's lucrative monopolies.

On the other hand thanks to the depth of the crisis in the east, the post ministry has forced Telekom, over which it exercises control, to abandon a tiny corner of its voice monopoly by allowing companies to use satellite telephone links for east-west traffic.

Those who propose radical telecoms liberalisation - such as Mr Klaus Holthoff, at the Monopoly Commission - this is just scratching the surface. He, and the leaders of Germany's underdeveloped private telecoms industry, are tired of hearing about Telekom's DM60bn (£20.2bn) investment programme in the east over the next seven years.

Industry cannot wait years for a properly functioning telephone system, they argue, and thanks to the increase in telephoning from west to east is now getting worse not better. Banks with subsidiaries in east Germany have taken to getting a connection early in the morning and holding the line open all day.

"There was a three-fold increase in east-west links last year when we needed a 200-fold increase," says Mr Erwin Schäfer, head of the telecoms services company Megatnet.

The radicals have a two-fold solution. To relieve the bottleneck over the short-term the liberalisation of 1989 must be extended to voice traffic and business must be allowed freedom to erect its own satellite, private mobile radio, microwave and other links which



Treuhand president Detlev Rohwedder: resisted erosion of market principles

can be installed swiftly and economically. Over the longer term a network must be built with new cables and switching centres but Telekom alone does not have the capacity to do this quickly. The second proposal is therefore that the post ministry should invite international groups, such as AT&T, which, with Telekom, would each build and run under licence the telephone system in a part of east Germany.

Telekom has, grudgingly, conceded some ground on the first part of the solution. The initial decision to allow satellite telephone was so hedged with restrictions that only one company took advantage of it. It has now been loosened by extending from three to six years the licence period.

Under pressure from outside, Telekom is also making use of the internal telephone systems built by the old communist regime. But for Mr Jürgen Schulte-Hillen, head of Scientific Consulting, the communications specialists, imagination is still lacking.

"The trunk network in the east functions well, the last few kilometres are the problem. The short-term answer is to allow the last link to be made with radio telephones,"

he says. Further movement in this direction is feasible if only because it will be politically impossible to stop companies breaking the law if all they are doing is helping themselves to a vital telephone connection.

Even prior to unification the post ministry turned a blind eye to companies like Megatnet providing a telephone service over leased lines in breach of the law. Now an illegal telephone link connecting the chemical industry in the two parts of Germany is tolerated.

"Companies are installing their own telephone links with the east and not informing Telekom," says an IBM Germany executive. Progress on the second part of the solution is less likely despite support from Mr Rohwedder and other industrialists. Mr Christian Schwarz-Schilling, post minister, points out that no other industrial country has allowed foreign control of its telephone network. To which the radicals reply that no country has needed to build a modern network so quickly.

The ministry also argues that foreign companies would bring their own equipment," says Mr Holthoff, who has reservations about Telekom's planning capacity. This was acknowledged in the recent decision to hand management control of 29 projects to (German) private industry.

"Telekom is, sadly, trying a speeded up version of what it has done over 40 years in the west. But the *Beanie* (public official) mentality means, for example, that new switches are not installed in buildings until the ownership problem is sorted out. A private company would use temporary containers," says Mr Schulte-Hillen.

The post ministry is now talking of a workable system in the east by the end of the year. But that optimism is unjustified, the pressure for the radical solution could become irresistible. In other sectors as well as telecoms.

More state support, as demanded by east Germans, does not preclude more free-market imagination. Indeed, the latter may be needed to pay for the former. A government report on privatisation, due later this month, is awaited with interest.

The collapse of Comecon is causing difficulties for eastern Europe and the Soviet Union, write Anthony Robinson and Leyla Boulton

It seemed a good idea at the time. After four decades of Soviet domination the rush by the newly-liberated nations of eastern and central Europe to abolish Soviet-imposed institutions such as the Comecon trading organisation was entirely understandable.

But for the members of Comecon - the Council for Mutual Economic Assistance - abolition of the transferable rouble, its nominal unit of account on January 1, and the switch to dollar-based trading has proved a zero sum game with no winners. One of the biggest losers is Czechoslovakia, ironically one of the leading participants in Comecon's demise.

Last week in London, the Czechoslovak finance minister Mr Václav Klaus likened the effect of the collapse of the Soviet market to the effect on Asian tiger economies such as Taiwan and South Korea of overnight closure of the US market. The situation is "simply unbearable," he said.

Czechoslovakia, supported by Hungary and Poland, led the chorus demanding the death of an institution blamed for saddling it with an artificial heavy industrial structure which made it over-dependent on Soviet energy and the Soviet market.

But it is not only the non-Soviet partners in the trading group, built up over more than 40 years, that are suffering. The collapse of Comecon trade is also a prime contributor to the shortages afflicting the Soviet economy.

Trade with its Comecon partners in eastern Europe, Cuba, Mongolia and Vietnam accounted for nearly half the Soviet Union's foreign trade before the democratic upsurge of 1989 swept away the political underpinning of the organisation designed by Stalin to give economic coherence to his territorial acquisitions.

Now empty shelves in Soviet shops and shortages of spare parts and components in Soviet factories have been exacerbated by the absence of goods from eastern Europe, which are piling up in warehouses and threatening imminent bankruptcy to swathes of east European industry.

In the first quarter of this year, trade between the Soviet Union and east and central Europe collapsed to just 10 per cent of the volume in the corresponding period of 1989, according to Mr Sergei Lykov, deputy chief of the international department of the Soviet State Bank (Gosbank). But Moscow, he added, was not to

High hopes give way to empty shelves

blame. "We were not the initiators of the new system."

The Soviet Union accepted Czechoslovak, Hungarian and Polish-led demands for the radical restructuring of Comecon because the switch from rouble to dollar pricing at world prices promised a dramatic improvement in the Soviet terms of trade. Instead of selling oil at the equivalent in some cases of \$7 a barrel in return for goods of dubious quality, the Soviet Union was attracted by the prospect of hard currency oil sales at world prices, then rising rapidly because of the Gulf crisis.

The newly-independent central European countries

former partners. Instead the dollars have been passed to Vneshekonbank, the main foreign trade bank, to help it grapple with this year's daunting hard currency debt repayment schedule and finance trade with the west.

Unfortunately for eastern Europe, January 1 this year coincided with new Soviet legislation which ran counter to the hoped-for trade liberalisation. A decree signed by President Mikhail Gorbachev required Soviet enterprises to surrender the bulk of their hard currency earnings to the state to help repay the country's foreign debt and to centralise the spending of foreign

currency for key imports.

Other legislation - designed to preserve centrally-planned contracts between Soviet enterprises themselves - banned barter deals by Soviet enterprises and saddled them with stiff licensing requirements for key Soviet exports such as timber, oil and gas.

"The result of this hybrid system has of course been a collapse of trade," says Mr Hugo Kysilka, Czechoslovakia's permanent envoy to Comecon. German reunification and the closure of east German companies which were leading participants in Comecon trade has also played havoc with traditional markets.

As the scale of the dislocation became clearer, high-ranking east European trade and political representatives set off for talks in Moscow aimed at unblocking the clogged trade links. Given Moscow's reluctance to part with its dollars, negotiations concentrated on crude barter, such as Polish cement for Ukrainian coal, and appeals for the resumption of trading in national currencies or on a clearing basis.

The prime ministers of both

the Czech and Slovak republics made separate visits to the Soviet Union last month followed by the deputy finance minister of the Czechoslovak federal government. Mr Jan Bielecki, the Polish prime minister, is expected soon. Such visits reflect the growing realisation that patterns and dependencies built up over decades cannot be ignored, and that no country can gain from "beggar my neighbour" policies.

According to Hungary's deputy trade representative in Moscow, the Soviet government has promised to endow Vneshekonbank, the state foreign trade bank, with some additional hard currency to provide credit lines for products already included within "indicative lists" agreed during bilateral inter-government trade negotiations last year. Of the \$150m (£85m) earmarked for Hungary, some \$20m is for urgently needed spares required to keep the Soviet Union's 80,000-strong fleet of Ilkars buses on the road.

The search for a *modus vivendi* should not be confused with nostalgia for Comecon itself. Mr Klaus, with characteristic bluntness, called the trading collective in a London speech an "unproductive pseudo-market of irrational foreign trade, pricing, financial and payments practices". Negotiations to wind it up, to dispose of its assets and to create a more modest successor have been dragging on for months.

Czechoslovakia, Hungary and Poland have set their sights on integrating their economies into the European Community by the end of the century. The Soviet Union is turning to countries such as Turkey and South Korea for better-quality consumer goods and technology.

Comecon locked its members into a rigid and technologically inhibiting relationship. But it is also recognised that some framework has to be devised which will allow it to be phased out in a more orderly fashion.

Next month, after several abortive meetings, Comecon representatives are due to meet in Moscow to complete arrangements for a successor group. It has a grandiose name - Organisation for International Economic Co-operation (OIEC). But Czechoslovakia, Hungary and Poland insist its role will be mainly confined to "information and analysis". It is a long way from Stalin's vision of Comecon.

Additional reporting by Christopher Bobinski in Warsaw and Nicholas Denton in Hungary.

LETTERS

Lawson's view on local tax persuasive

From Mr John Whitfield, JP, DL.

Sir, Mr Nigel Lawson, the former chancellor, is surely right when he proposes the abolition of local taxation. There will be no need to consult some of my former colleagues in local government, but we must face the facts as they are, not as we would like them to be.

In order to preserve the power of local authorities to raise a mere 1 per cent of their expenditure, the Conservatives are about to engage in a destructive argument about how to value property, how many heads to count, and so on, to form the basis of the new local tax.

When all that is sorted out, many will be aggrieved at the outcome, and there will be considerable costs in setting up and administering the new system.

To invite all this further trouble and expense in order to provide a fig leaf of independence for local government seems to me to be very unwise. Let us, as Mr Lawson said, "go the whole hog" and collect all the necessary revenue centrally.

The existing grant mechanism could then be used to distribute the money to authorities, whether the present ones, or new unitary ones. This would also enable the government to set a limit to overall

local expenditure without the tiresome business of expenditure assessments and capping.

Councillors would be accountable to their electors for the expenditure of their grant of 100 per cent, instead of 80 per cent; if they are concerned about losing their independence, I have to say they have none now.

Let us abolish local taxation, and "with one jump" the country will be free of this perennial and divisive problem.

John Whitfield, Chairman, Surrey County Council, 1981-84, 4 Holiday House, Sunningdale, Berkshire

Colombian deal distorts GSP

From Mr Adrian Hewitt.

Sir, Your report from Managua on European Community relations with the Central American countries - "EC grant of 100 per cent, instead of 80 per cent; if they are concerned about losing their independence, I have to say they have none now." Let us abolish local taxation, and "with one jump" the country will be free of this perennial and divisive problem.

John Whitfield, Chairman, Surrey County Council, 1981-84, 4 Holiday House, Sunningdale, Berkshire

Accountants ultimate winners in insolvency cases

From Messrs Laurence Smith and Douglas Barnes.

Sir, The letter from Frank Wessely (March 26) seems to indicate that insolvency can be easily avoided.

This, however, does conflict with research work that has carried out as part of a recent MBA course. The project dealt with small firms in the manufacturing sector that were currently insolvent.

We studied one particular firm in depth. This seemed to follow Mr Wessely's advice and has an abundance of "professional" involvement. It was financed by the largest European commercial mortgage lender and by the largest UK venture capital company. It held the largest account by far at its local branch of one of the leading high street banks, retained the services of a professional accountant and a solicitor. Also, it was audited

by one of the largest national accountancy practices.

Our analysis showed that it had deteriorating finances over the past five years and was only surviving by capital injections. It had no financial controls or management accounts. It "failed," to the surprise of the management and "professional" advisers by missing a very small loan repayment. It had debts of over £15m with less than 30 per cent covered by assets.

Our conclusion was that the necessary advice, control and concern for the company's survival was non-existent in this case. In our dealings with these advisers, it was apparent that the monopoly that the accountancy firms enjoy in the fields of audit, consultancy, and insolvency is extremely unhealthy for the survival of these companies. Accountancy firms win, whatever happens

to the company. Until the attitude prevails that the primary aim is company survival, creditors and the economy will continue to suffer and insolvency and bad debts will remain a problem in the UK.

The balance between creditors and companies is too far skewed towards closing, rather than rebuilding, companies. Mr Wessely's view reflects that of most of the accountancy profession: "Everything would be better, if only we were consulted more." Professional management, long-termism and co-operation between advisers and directors, is the view and attitude that is desperately needed within the UK to ensure increased and sustained corporate activity.

Laurence Smith and Douglas Barnes, BS Consultants, 10 Russellcroft Road, Weymouth, Dorset, Dorset

Cash benefits blocked by Customs & Excise ruling

From Mr Peter D Kirk.

Sir, The Budget proposals clearly indicate a desire to discourage benefits in kind, by eliminating their tax advantage to employer, and employee. It seems to be hoped that by doing this benefits will be replaced by cash emoluments. A recent ruling by the commissioners of HM Customs & Excise is, however, proving a major stumbling-block to employers wishing to follow this trend.

Where an employer offers employees cash emoluments as

an alternative to the provision of a company car, then the commissioners have ruled that VAT must be accounted for on an amount equal to the cash salary foregone for each employee who elects to take a car. This VAT cost makes it expensive for employers to modify their car schemes to introduce a cash alternative.

Article 4 of the EC sixth Directive would indicate that Customs' present view is incorrect as it precludes from the scope of VAT the relationship of employer and employee to

the extent covered by a contract of employment between the two. It is believed no other EC country adopts the stance of the UK VAT authorities in this matter.

If the government is genuine in its desire to encourage employers to remunerate employees in cash rather than kind, then a more positive approach should be adopted on this issue.

Peter D Kirk, Group Employee, Midland Bank, Poultry, ECU

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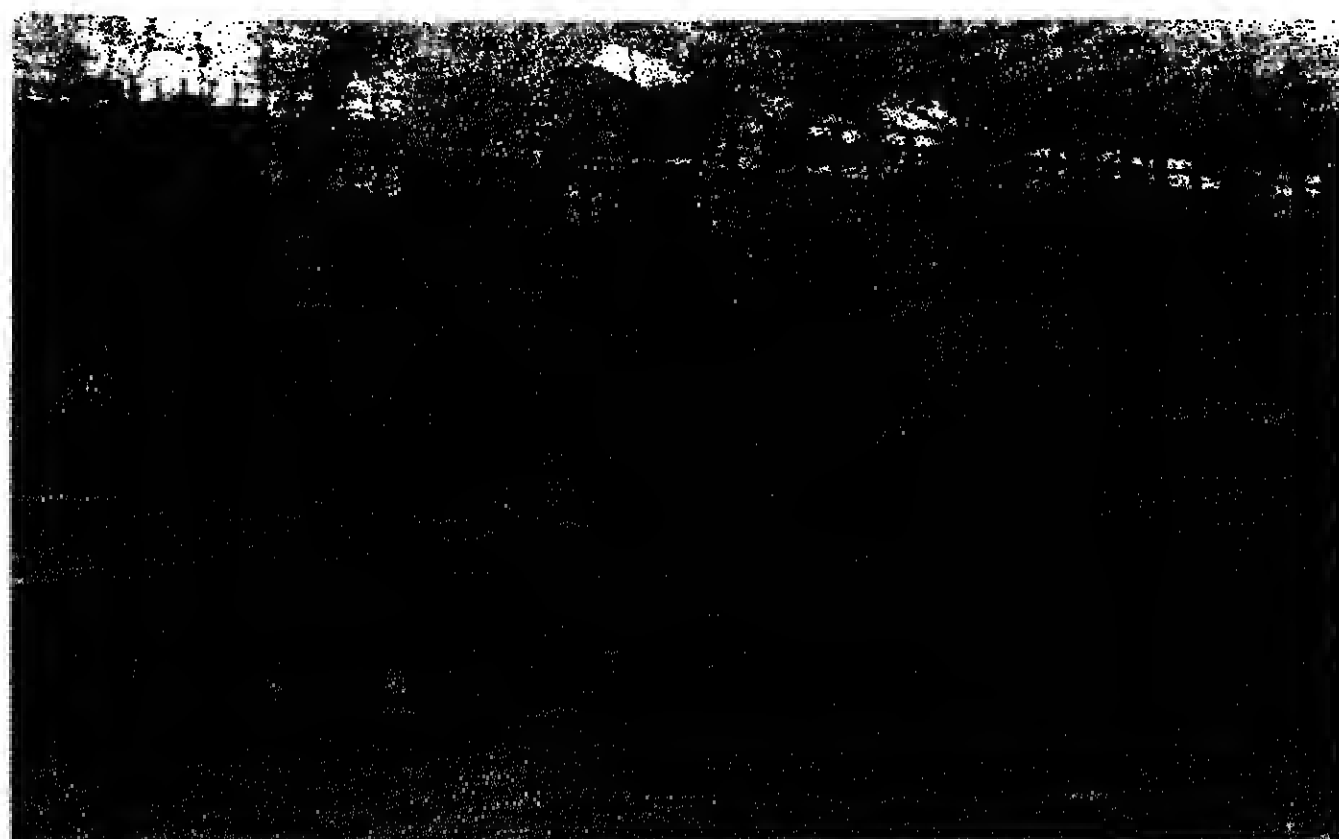
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The army in Pitivice yesterday after being ordered in by the presidency to 'ensure a ceasefire' between Serbs and Croats

Yugoslav tanks patrol national park

By Judy Dempsey, East Europe Correspondent

YUGOSLAV army tanks yesterday patrolled the country's largest national park, Pitivice, after two people were killed in clashes between Croatian police and ethnic Serbs at the weekend.

The violence has undermined fresh attempts by the country's leadership to negotiate a solution to the worst political and economic crisis since the Second World War.

A Croatian policeman and a Serb were killed in the clashes on Sunday which followed an attempt by ethnic Serbs to take over Pitivice, Yugoslavia's main tourist attraction, in southern Croatia.

Violence between the riot police and the Serbs, who make up 11 per cent of Croatia's 4.5m population, started when the republic's authorities tried to evict them.

An emergency meeting of the collective presidency, which consists of representatives from Yugoslavia's six republics and two provinces, ordered in army units to restore order and "ensure a ceasefire".

The army's intervention was its second in less than a month in Croatia and fuels speculation that it will play a prominent role, not only in preventing clashes between the

country's rival ethnic groups, but in influencing the political agenda.

Croatia's nationalist right-wing government, whose president is Mr Franjo Tudjman, is seeking greater autonomy from the fragile Yugoslav federation led by Mr Ante Markovic, the prime minister.

But the Serb minority in Croatia, supported by Mr Slobodan Milosevic, communist president of Serbia, is determined to remain in a Yugoslav federation, dominated by Serbia.

Last month, Serbs living in the Croatian region of Krajina declared their independence

from the western republic. They received a boost at the weekend after Serbs in the Croatian regions of Glina and Kostajnica also declared their independence in a move likely to increase tension between Croats and Serbs.

The dispute between these two ethnic groups will not be easily resolved.

The loyalties of the Serbs in Croatia are torn between wanting to belong to the pre-1914 Kingdom of Serbia - which would remove their status as a minority - and belonging to a more "western" political and socio-economic culture of the Slovenes and Croats.

Thousands die as Iraqi troops push back Kurdish rebellion

By Tony Walker, Middle East Correspondent, in Nicosia, Cyprus, Fazel in Tehran and agencies

FORCES LOYAL to President Saddam Hussein appear to have broken the back of the Kurdish revolt in northern Iraq in fierce battles for control of key towns that left thousands dead, including women and children.

Hundreds of thousands of Kurdish fighters and civilians were fleeing into the snow-capped mountains yesterday after government forces, using heavy artillery won control of the northern cities of Dahuk and Erbil. Unconfirmed reports last night suggested loyalist troops had also retaken Zakho, near the Turkish border.

A Damascus-based spokesman for the Kurdish Democratic Party (KDP) said: "There was a tactical withdrawal from Kirkuk, Dahuk and Erbil to save lives of innocent civilians and spare the cities from total devastation."

He said civilians had been targeted by Iraqi air, tank and artillery attack over the past few days.

"They are killing us Kurds they see. We are facing a worse genocide than Halabja," he was referring to a 1988 poison gas attack to punish Kurds in the border town of Halabja for their alleged support of Iraq in the 1980-88 Iran-Iraq war. That attack killed an estimated 5,000 people.

This time, the KDP spokesman said, "tens of thousands" of Kurds had died in and around Kirkuk, 150 miles north of Baghdad.

Kurds fled into the mountains along the Iranian border by any means possible yesterday, turning roadways into rivers of humanity.

Many women and children were forced to walk. Some, too tired to go on, lay on the roadsides without food or water. Refugees could be seen camping in the mountains, in the open without protection from rainstorms.

The KDP in Tehran said 1.5m refugees were heading towards the Iranian border, but this could not be independently confirmed.

Avoiding the crunch questions about credit



By Anthony Harris

about a credit crunch. Every one knows it is happening - except, it seems, the Bank of England, and the academic economists in the City who are paid to think like the Bank.

There is a fascinating example from Jeremy Hale in the current edition of the Goldman Sachs International Economic Analyst. He surveys and defines almost every known form of credit crunch, including the past crunches caused by regulation, and goes on to discuss some purely hypothetical possibilities. He admits in passing that there could be a change in perceived lending risk - all very lucid and

Is the downturn a cause of reduced bank lending, or is reluctant lending causing the recession? Or is there a third cause?

instructive. However, he does not discuss two of the most widely-asked current problems - depleted bank capital and, in the US, supervisory overkill. He no doubt thought this would be a waste of space, because the statistics tell him there is no crunch in any case. This is because the fall in bank lending in the current recession is on much the same scale as in past recessions.

This argument shows an enviable confidence in measured relationships. It would hardly be shared by the official and commercial economists who failed to forecast any recession at all (and are now covering their professional shame with blather about the Gulf war).

The fact is that econometrics has so far failed to make any consistent sense of our new,

floating, de-regulated world, as is shown by the wild differences between competing models if you take them apart. Most businessmen instinctively know this, and treat economic forecasts with a justifiable contempt, as economists sadly complain.

This relationship between lending and economic activity is in any case a question-begging one. It begs the questions of distress borrowing, and of causation. The statistics cannot capture the switch from genuine new lending, which stimulates the economy, to distress or Ponzi lending, in which bankers lend the interest which borrowers cannot meet in the hope that it will be all right on the next.

This switch occurs in every recession, but it seems to be happening this time on an unusual scale. Otherwise industry's much-heralded success in keeping inventories tight as business turns down, and the swift fall in investment spending, would lead to an unusually sharp drop in bank lending this time.

Even if a full analysis of current loans were available, the causation question would remain - the question of did he fall or was he pushed? Is the downturn a cause of reduced bank lending, or is reluctant lending causing the recession? Or is there a third cause - a squeeze on the English-speaking countries, caused by the voracious demand for capital from the ex-communist countries in Europe, the growing young tigers of the Far East and the Japanese determination to build a country worthy of its wealth?

All these are plausible explanations, and there is some truth in all of them, but that is no reason to deny the reality of the crunch now bankrupting so many small companies. Dr Alan Greenspan of the US Federal Reserve believes in it, and is doing what he can to prevent what could follow - a debt deflation, in which general super-caution produces the very collapse it is trying to avoid.

The Fed has not yet produced any impressive results in the US economy, but its determination has at least impressed investors, hence the dollar rally which frees him to cut rates further.

His policy is certainly more impressive than the white-monkey approach which rules here - see no crunch, hear no crunch, shrug off the fact that real interest rates are still rising, and greet any sign that the slide may be slowing as a new dawn.

There are times when caution is the high risk policy.

East Germany braced for western-style news

By Raymond Snoddy

THE CITIZENS of eastern Germany are about to receive their first taste of tabloid journalism, western style.

Mr Rupert Murdoch, chief executive of News Corporation, and Mr Hubert Burda, the German publisher, are launching Super Zeitung as a joint venture later this month from east Berlin.

The paper will draw on the tradition of Bild, Germany's only national daily tabloid, and Mr Murdoch's controversial British tabloid The Sun.

Mr Kevin MacKenzie, editor of The Sun, a paper that often refers to Germans as Krauts, has visited Super Zeitung's offices in Berlin to pass on some of his expertise on tab-

loid layout, style and values. The hallmark of The Sun, based in London, is the Page 3 girl, a feature which is also likely to be part of the Super Zeitung editorial package.

"It could well be and if it is I am all for it," says Mr Karsten Schmidt, director of international operations at News International, who will be chairman of Super Zeitung.

"This is going to be the most exciting launch in Germany since the war. There is nothing like it, absolutely nothing like it," said Mr Schmidt, who has been helping to plan the new newspaper as a consultant.

The 24-page tabloid will be produced with the latest computer technology and printed

in full colour.

It is targeted at east Germany, catering for the special pre-occupations of the east Germans in a nation that is still deeply divided economically. It is intended to go national eventually.

Super, Mr Schmidt says, will look at issues such as the serious problem of unemployment in the eastern provinces, and asking whether East German sports successes in the past were based on drugs.

Springer, which publishes Bild, has been selling the paper in the east since the Berlin wall came down.

But Super Zeitung says Bild's sales have dropped from 1.2m to 500,000, partly because

of the 50 pfennig price. Super Zeitung will sell for considerably less and is aiming for a circulation of 800,000.

The rivalry between Bild and Super, likely to be intense, has begun even before Super has hit the streets.

Mr Gunter Prinz, a former editor of Bild, was scheduled to be the launch editor of Super. In February he was enticed back to Springer to be deputy chairman and group editorial director.

"We do expect Springer to come at us with all cannons blazing," said Mr Schmidt, who is an honorary legal adviser to the British ambassador in Bonn.

Art faces taxing times in Japan

Robert Thomson examines a scandal over two paintings by Renoir

TWO Japanese businessmen-art buyers were contemplating a collection of classical moderns in a Tokyo exhibition hall which, for a few days, has become the world's largest market for creative produce.

"You look at the number of the painting on the wall, and compare it to the number on this price list. You will find the prices in yen and dollars," said one of the pair simply.

Art dealers are in need of inspiration - not to mention new buyers - and the 120 participating galleries, including three from the UK and two from Venezuela, were hoping that Easter in Tokyo would mark a return to those heady days when cash-rich Japanese companies wanted a Van Gogh in the boardroom and a Henry Moore in the lobby.

However, the Tokyo Art Expo has coincided with a diverting art scandal in Japan, touching the names of Auguste Renoir, the French Impressionist painter, and Mitsubishi Corporation, the Japanese trading house. Mitsubishi insists that it bought two Renoirs - After the Bath and Young Girl Reading - for a total of ¥3.8bn (\$25.9bn) from two Frenchmen in March 1989. Japanese tax officials, though, say they have evidence of a deal worth only ¥2.15bn and can find no record of the two Frenchmen entering the country. Investigators of a claimed tax deduc-



Portrait of an artist caught unwittingly at the centre of a scandal. Lithography of Renoir by Forain (1905).

tion by Mitsubishi want more proof from the company. It said yesterday that neither the ¥3.8bn price nor the alleged Frenchmen was "fictional". The works have since been sold to a museum affiliated to a Buddhist movement.

The purpose of the art exhibition is to extend Japanese interest beyond the impressionists to such contemporary works as those of Francis Bacon and Jasper Johns. There is also the aim to convince Japanese that art remains a worthy, tax-deductible investment, despite a 60 per cent fall in the value of art imports to Japan

that is not the way Japanese do business.

The possibilities are more in the long term. Even so, his gallery had just sold a displayed 1920 work by the Russian, Kasimir Malevich, for ¥42m.

"Japan is now an enormous collector of art, and some people are looking for something a little different to the obvious. At the moment, they have a way to go in collecting western art. They are like teenage collectors," Mr Barker said.

Other gallery owners noted that the Japanese visitors tend to ask a lot of technical questions about the works.

"People want to know how the mixed-media exhibits were made, how the fabrics were blended and whether paintings that look like photographs are photographs or paintings," another British gallery representative said.

The five-day exhibition, to close tomorrow, is Japan's largest gathering of recent works, and is an attempt to create an annual art fair, with a little help from the ministry of international trade and industry here.

Japan's finance ministry estimated that imports of paintings last year totalled \$3.4bn - up 66 per cent. However, Japanese activity at foreign auctions has fallen in recent months, and galleries are hoping to meet new private collectors and dealers.

US claims businesses are 'fronts'

Continued from Page 1

The Ohio subsidiary's assets were frozen last September.

Other British companies named by the US Treasury include Admincheck Ltd of Old Burlington Street, London; Advanced Electronics Development Ltd of Mandeville Place, London; Associated Engineers; Atlas Air Conditioning Co Ltd of Roehampton House, London; Dominion International; Endshire Export Marketing; Euro-mac Ltd of Northwood; Falcon Systems; Geodesigns; Invest-east Precision Castings of City Road, London; and Keencloud Ltd of Catherine Place, London.

Also named are Meed International Ltd of Mandeville Place, London; FMK/QUICK (Liverpool) Polytechnic; Rajbrook Ltd; Reynolds and Wilson; Sollatek; Technology and Development Group Ltd of Centre House, London; T.E.G. Ltd of Mandeville Place, London; T.M.C. Engineering Ltd of Chiswick, London; TNK Fabrics Ltd; and UI International.

The list of alleged front companies also includes S.M.I. Sewing Machines Italy SPA and a number of Iraqi state agencies such as Iraqi Airways, Iraqi Reinsurance and the Iraqi State Enterprises for foodstuffs trading and maritime transport.

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INSIDE
Schneider extends Square D offer
Schneider Groupe, the French electrical equipment manufacturer, has extended its tender offer until April 12 for Square D, after failing in its proxy fight for control of the Illinois electrical products maker. Mr Didier Pinesau-Valencien, the Schneider chairman, thanked those who had tendered their shares "for their overwhelming support". He also renewed his invitation to Square D's management to meet him. *Barbara Durr reports, Page 22*

Roller coasts to a stop
It has been an exciting few months on the Paris bourse, but the outlook is less than thrilling from now on. After a peak of just above 1,800 about a fortnight ago, the CAC 40 index has drifted back to sit at about 700 per cent below the pre-Gulf war level. Most brokers are now looking for several months of consolidation. *reports William Dawkins, Page 27*

Goal in sight
Football fans wait on tenterhooks for the outcome of a bid for Tottenham Hotspur Football Club. But it appears likely that a solution will be reached this week - one in favour of the consortium including team manager, Mr Terry Venables, which is making the bid. Jane Fuller reports on an interview with Nat Solomon, chairman of the Tottenham Hotspur holding company, Jane Fuller reports, Page 20

Million dollar question
The US government bond market is about to undergo a strenuous test of confidence. It must deal with the conundrum of contrasting economic signals: is recovery just around the corner, meaning an end to the Federal Reserve's easing stance, and a consequent resurgence of inflation, or is the turnaround so tenuous that interest rates are set to fall still lower? Martin Dickson looks at the possibilities. *Page 24*

Call optimistic on bid battle
Coal and Allied Industries (CAI) appears to be making progress in its campaign against a hostile takeover bid by CRA, the Australian mining group. Tony Haralson, CAI chief executive, said that Ube Industries, a Tokyo-based industrial group which is a big customer, had indicated it would reject any offer for its 14.4 per cent stake. *Page 22*

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Laidlaw files suit against ADT chief

By Bernard Simon in Toronto
LAIDLAW, the Ontario-based waste management and school bus operator, has issued a lawsuit against Mr Michael Ashcroft, the chairman of ADT in an attempt to assert greater control over the Bermuda-based car auction and security group.
Laidlaw used its 28.4 per cent stake in the group to force a two-month adjournment of an ADT special meeting in Bermuda yesterday. It said the company had given shareholders insufficient information on three proposals which were to be voted on at the meeting.
Relations between the two companies have become increasingly tense since Mr Michael DeGroote, Laidlaw's founder and chief executive, resigned from the Canadian group's board and retired to Bermuda late last year. He directed Laidlaw's purchase of the ADT stake in 1989.
The groups have been encountering increasingly difficult trading conditions. ADT initially contributed 15 to 20 per cent of Laidlaw's earnings.
However, it received no return from the investment in the latest quarter.
Last month ADT announced that profits had fallen by 11 per cent in 1990 to \$25m. The company also disclosed that its investments in associate companies would be a drag on profits in the current year.
Even though the company had warned in January that it would announce a profits decline, the news triggered a 10 per cent fall in its share price to 102p. On Friday, the shares closed at 94p. Mr Ashcroft said last month that the company's main operating units turned in strong performances despite the difficult economic conditions, but its non-operating companies had reduced profits.
Laidlaw also indicated yesterday that it planned to nominate up to four of its representatives to an expanded ADT board. The Canadian company's only link at present with the board is the directorship held by Mr Michael DeGroote, Laidlaw's founder.
However, Mr DeGroote severed all his links with Laidlaw late last year. Details of the lawsuit filed against Mr Ashcroft were not immediately available.
Laidlaw said in a statement that it had asked the US District Court in New York to prevent Mr Ashcroft and some other ADT directors "from violating federal securities laws and requiring prompt disclosure to correct their alleged violation." Mr Ashcroft is a director of Laidlaw.
Proceedings are also being launched in Bermuda to restrain ADT and its subsidiaries from acquiring any capital stock in the company.
Mr Donald Jackson, Laidlaw's chairman, said he was disappointed that ADT had given shareholders less than 10 days to consider the proposals presented at yesterday's meeting.
They include an increase in the authorised common shares of the company, a broadening of directors' powers to allot shares, and a reverse stock split.

MBO activity at low for five years

MANAGEMENT buy-out activity in the UK fell to a five-year low in the first quarter of 1991, according to figures released by accountancy firm KPMG Peat Marwick McLintock, writes Charles Batchelor.
The value of deals in the first quarter fell to £270m (\$490m), the lowest since the third quarter of 1986 when £210m-worth was completed, but when buy-outs were still a novelty.
Buy-out investors expect £2.4m worth of buy-out deals to be completed in 1991, a fall of 15 per cent on 1990. However, the firm thinks this estimate is optimistic in present market conditions.
The total for the first 1991 quarter was made up of seven large deals worth a combined £120m and an estimated £150m in smaller deals. However, this low estimate for the value of smaller deals contrasts with a more optimistic assessment of such deals published by Nottingham University's Centre for Management Buy-Out Research.
The centre said that the market for deals of less than £10m was "alive and well and growing". *Details, Page 20*



Western car groups make their marque

Kevin Done, Andrew Fisher and Leslie Collett on expansion in eastern Europe
Western carmakers have taken a big step towards completing a new map of the European auto industry.
Volkswagen, already Europe's biggest carmaker, has won virtual hegemony over the Czechoslovak motor industry, with its deal last week to take control of Skoda. VW is also negotiating to take majority control of the more modest automotive operations of Bratislava's Automobilove Zavody (BAZ), in Slovakia.
VW will maintain the Skoda name and identity, and incorporate it as a fourth marque alongside the Volkswagen, Audi and SEAT brand-names. But at Bratislava, it is planning small-scale assembly of VW cars (the Passat), as well as gearboxes for the group, as it extends its influence east of the Elbe and north and south of the Danube.
VW has also made much of the running in eastern Germany. A fully-integrated 250,000-cars-a-year assembly plant is to be built at Meusel close to the antiquated Trabant factory in Zwickau. State subsidies will provide a third of the DM10m bill.
General Motors of the US has also led the rush eastwards, helped by a strong presence in Germany through its Opel subsidiary. GM is committed to building a DM10m, 150,000-cars-a-year plant at Eisenach, close to the out-dated Wartburg car works.
GM has also taken the lead in Hungary, where it is building an engine plant, a small volume car assembly plant and component operations.
In Poland, confusion still reigns over the future of the Warsaw-based FSO operations, which hitherto have been based on production of out-dated Fiat designs under licence.
Fiat of Italy was for a long time heading towards the same position of a virtual monopoly in Poland as VW is acquiring in Czechoslovakia. However, the Polish car industry appeared to have won the blessing of Polish President Lech Walesa on a recent visit to Italy, but FSO remains stubbornly keen to publicise its competing talks with GM.
The US group is clearly interested in expansion into Poland, but publicly insists its discussions are only exploratory.
Under the old order, more than half of the 2m cars produced each year in eastern Europe and the Soviet Union were Fiat derivatives - under names ranging from Lada to FSO and Yugo. They were the results of production records stretching back more than 20 years. Fiat now has a strategy aimed at dominating the modernisation of the car industry in Poland, the Soviet Union and Yugoslavia. However, its ambitions could yet be undermined by political turmoil or challenges from rivals.
In the USSR, it has embarked on a project - which it valued last year at \$7bn - aimed at boosting production capacity by 900,000 cars a year. This is enough almost to double the Soviet Union's annual production of 1.3m to 1.4m.
A big car complex to be established on the banks of the Kama river at Yelabuga is to be developed in three stages, each producing 300,000 cars a year. This is set to play a leading role in all three phases, providing the industrial leadership for the production in the Soviet Union of three separate car ranges, and the technology to produce 900,000 engines and gearboxes a year.
It is taking a 30 per cent equity stake in one of three phases of the project, its first direct financial exposure in the Soviet Union.
While the dice have been rolled in eastern Europe, western carmakers are resigned to a long wait to see if they have placed the right bet.
GM warned recently that as well as the opportunities there were also "many staggering challenges and the payback may be slow in coming". Sales, service and distribution networks are virtually non-existent in a western sense.
Mr John Rhame, GM vice president for international export, says: "We have visited some dealer candidates who have facilities as large as a factory and who employ as many as 2,000 people, yet they may take four to six months to get a car repaired."
"In some cases, customers pay in advance so that the garage can purchase the parts from the factory to carry out the repairs."
As Volkswagen's commitments grow, it has to be optimistic. "As country after country in the eastern bloc forsakes planned Marxist economies for free markets, those of us in the automotive industry see potential for substantial growth," insists Mr Hans-Jorg Hungerland, sales director of the newly-created board of management for the Volkswagen brand.
By winning Czech government approval to take control of Skoda, VW has gained access to a tradition of industrial skill and innovation that once matched Germany's. Czechoslovakia's engineering tradition was solidified by 40 years in the Soviet bloc, but not snuffed out.
That is one reason why VW thinks it is worth investing DM1.4bn for a 70 per cent stake by 1995 and backing a DM1.6bn, 10-year investment programme to develop new Skoda models and double production to 400,000 cars a year.
For the Prague government, the VW-Skoda link represents the first successful privatisation of a big state industrial concern. It means that more than 700 years of close cultural and economic ties between Germans and Czechs in Bohemia (where Skoda is located in the grimy industrial town of Mlada Boleslav) are again coming to the fore.
VW's desire to join up with Skoda also reflects its desire for an extra marque in the increasingly variegated western European car markets.
It intends to add larger vehicles - similar in size to its Golf and Passat cars - to the Skoda range. This will make Skoda more attractive to customers and dealers and cover a bigger slice of the market. VW will then be able to offer a broader, improved array of Skodas to consumers in eastern Europe who should by the late 1990s be reaping the benefits of more dynamic economic growth.
"Skoda is seen as a very solid car in the east," says Mr Volkhard Kohler, the VW planning director closely involved in discussions with the company. "We want to improve its image, give it a bit more pep and sportiness, and get away from the image of a monopoly supplier. East German cars were the symbols for a detested regime. That is not true of Skoda."
VW is taking on quite a task. Much of the Skoda plant needs expensive attention. The assembly line, at the end of which a foreman now greets foreign cars with a cheery "Guten Tag", is modern and equipped with robots. But the foundry, where prisoners were employed until a year ago, and the paintshop need improving. Of the present 22,500 employees, about 15,000 will be left after child-care centres, holiday homes, repair shops, and other non-production facilities are shed. "We want to double the output with the same number of workers," says Mr Kohler.

Economics Notebook

Critics bow to 'Mr Triple Trouble'

MR YASUSHI Mieno, the governor of the Bank of Japan, has silenced his critics. A year ago, there was no lack of people in Tokyo ready to accuse Mr Mieno of going over the top in his pursuit of sound money. The criticisms verged on personal abuse, with some stockbrokers dubbing him "Mr Triple Trouble", in a Japanese word-play on his name.
Today, virtually nobody challenges Mr Mieno's argument that the pressure of credit had to be tight to squeeze out the excesses generated by the easy money policies of his predecessor. These had pumped up the value of stocks and land to unsustainable levels. Mr Mieno fears that inflation in financial assets might trigger inflation in the economy - which were ridiculed by some at the time - have proved amply justified. The consumer price index is rising at an annual rate of more than 3.5 per cent, compared with less than 1 per cent in the mid-1980s.
Moreover, the concern that Mr Mieno's policies would cause widespread bankruptcies among financial companies has also turned out to be greatly exaggerated. Some property developers and their creditors have indeed gone bust, but the system as a whole has survived. The fact that the Nikkei index stands 30 per cent above its low suggests that investors believe the worst is over.
Mr Mieno's success puts him in a very strong position to decide what to do next. There is now growing speculation that he is already preparing an interest rate cut. However, there is also plenty of evidence - not least the governor's past record in ignoring speculation about his intentions - that Mr Mieno may wait longer than some investors expect.
After the successive increases of the last two years, the Official Discount Rate

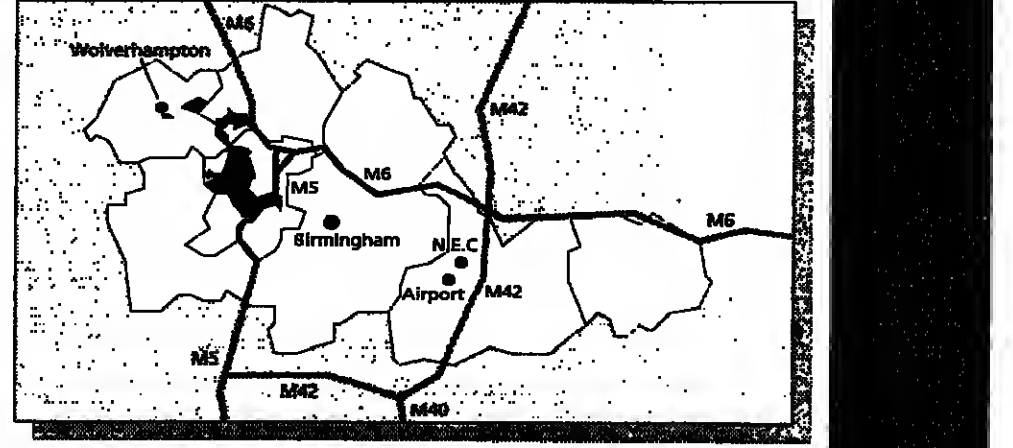
stands at 6 per cent against the 2.5 per cent of early 1989. The growth in the money supply has collapsed from a peak annual rate of more than 13 per cent to 5.4 per cent in February. Some industries are beginning to show sharply, notably automotive, which have seen car sales drop for six months in a row. Some business leaders have already called for a reduction. The campaign is expected to begin in earnest as soon as annual wage negotiations are complete by mid-month.
However, Mr Mieno shows every sign of holding firm. He emphasises that areas of weakness in the economy are matched by areas of continuing strength. In particular, capital spending on plant and equipment is holding up better than anyone predicted in the face of high interest rates.
Moreover, the dangers of keeping an over-tight grip on monetary policy are much less than in Europe or North America. Japan does not slip easily into recession, as the state of the economy shows. Despite the central bank's best efforts to slow things down, real GNP grew by about 5 per cent on the financial year to last month. The government's forecast for 1991-92 is 3.5 per cent, a figure not challenged by the Bank of Japan.
If the economy slowed too much, it would not be difficult for the authorities to jump-start it with a boost to public investment. The money would not be wasted given Japan's continuing need for better transport and housing.
There is some risk that prolonging the period of high interest rates will increase the chances of further serious bankruptcies among property companies and possibly some of their creditor banks. However, the central bank believes over-extended speculative investors deserve to go to the

wall. That is what bursting the speculative bubble is all about. As for financial institutions, the central bank would move very fast to stage a rescue if it felt the stability of the system as a whole was in doubt.
In any case, central bank officials rightly sense that the bad habits developed during the speculative boom still linger. For example, stockbrokers report that some of the investment syndicates active in cornering shares in the late 1980s have sprung into life again during the market's rally this year. More importantly, some cash-rich investors are hovering around the property market in the hope of making quick gains from distressed sellers. Such a development is perfectly natural. But if it results in a return to unsustainably high levels, then Mr Mieno will have no choice but to tighten the screws again.
Even once it starts cutting rates, the central bank may not be able to go very far. Some of the upward pressure on prices is coming, not from cyclical, but from secular changes in the economy. Japan is running short of labour. The ratio of vacancies to job seekers at

Bidders come forward for BNE

By Karen Zagor in New York
THE ASSETS of the failed Bank of New England (BNE), once the second-biggest bank in New England, have tempted four bidders, despite continuing concern about recession in New England.
The Federal Deposit Insurance Corp (FDIC) has received bids for all of BNE - declared insolvent and seized by regulators in January - from BankAmerica, Bank of Boston and a joint bid from Fleet/Norstar Financial Group and Kohlberg, Kravis, Roberts, the leveraged buy-out group. In addition, a small investor group from Maine has placed a bid for BNE's subsidiary in that state.
The FDIC will announce the winning bid on April 18. The government bail-out is expected to cost at least \$2.3bn, and some FDIC officials believe that the agency will have to assume more than \$8bn in bad assets.
It is unlikely that the FDIC will split up the bank, and its will probably go to the highest bidder. However, the agency said it would also take into consideration the financial health and available capital of the bidders.
Friday was the deadline for offers on BNE, and it is now too late for the contenders to increase their bids. However, FDIC officials said the agency might need to clarify the bids or ask bidders to consider additional facts which might lead to changed offers.
BNE's operations include 333 branches in Massachusetts, Connecticut and Maine. Its assets are estimated at \$20bn.

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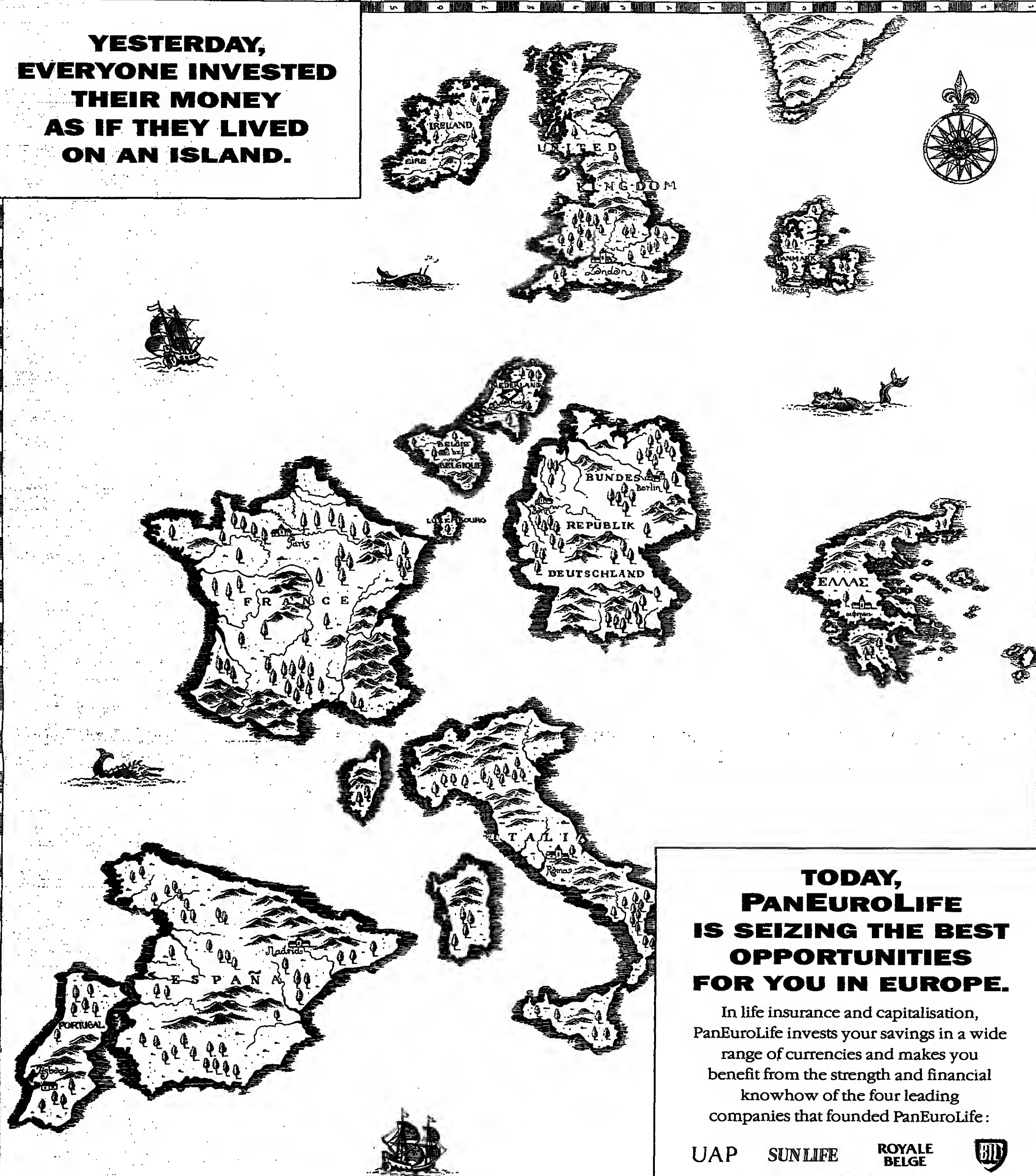
enables
consortium
likely
go ahead

RE TAKEOVER bid for
tenham Holdings Pootall
by a consortium includ
team manager, Mr Terry
ables, seems likely to go
ad this week.
in Nat Solomon, chairman
he holding company since
uary, said in a radio inter
w yesterday: "The Terry
ables consortium proposi
t is one we are looking at
ously. There are still one
technical problems. The
sortium seems to be comi
t that it can satisfy us on
se problems and, if so, I can
no reason why the deal
uld not go through."
ir Tony Berry, the former
rman of Blue Arrow who
is eight per cent of the
tenham shares, said he was
ly responsible for bringing
two sides together. The
way for the Venables con
tium was certainly there
was coming from sources
vided by Mr Larry Gillick,
would not elaborate on
se sources.
nth Mr Solomon and Mr
ick said they hoped a solu
i could be found to
tenham's financial prob
- the club owes £10m in
k debts alone - without
ing England international
J Gascoigne.

**shitech makes
6.2m and pays 5p**
hitech made taxable profits
£6.2m (£5.8m) in 1990. In
nine months to December
1990 profits were £2.8m.
his Dublin-based company
as disposable products,
nly tissue and paper-based,
pulverized packaging
tacts.
des in the 12 months came
£23.6m (£17.8m for nine
ths) and, after tax of
£1.0m (£1.0m), fully
ed earnings per share dou
to 31p. A dividend
pmt. was recommended.

ALIVE	COMMENT
14 Apr	tenham ups taken to 25.00 per cent
15 Apr	A 100% share
16 Apr	First House Co. Ltd preliminary
17 Apr	ICI will follow from N American branch
18 Apr	Plan for Europe move for 1991
19 Apr	Chairman shares take 100 per cent
20 Apr	Spain expanding Latin network
21 Apr	AHJ - 2nd group of 100 centum buy
22 Apr	ADG's first with 1.2m
23 Apr	Info 100 Market 100

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INTERNATIONAL CAPITAL MARKETS

INTERNATIONAL BONDS

Swings from jitters to party and back mark Gulf war quarter

SYNDICATED LOANS

Talks have yet to be turned into mandates

ALTHOUGH UK companies have been discussing loan financing plans with banks since the end of hostilities in the Gulf, they have yet to start awarding mandates.

Though UK interest rates have come down, absolute borrowing levels remain quite high, as banks continue to demand wide margins over the London interbank offered rate. Also, some banks have pulled back from the loans market, so competition for business, which had ensured cheap financing for borrowers, is less intense.

Ahead of the long Easter weekend, activity in the syndicated loans market slowed to a trickle.

The £1.925bn financing for Intreprenor, the holding company in a pub-for-breweries swap between Grand Metropolitan and Elders Ltd, had been scheduled to close last week, but syndication is now expected to close this week.

In the trade finance sector, Union Bank of Switzerland is arranging an \$85m one-year syndicated loan for the Bank of Zambia, to cover Zambia's crude oil import costs. Initially, Zambia is issuing a 30-day letter of credit through UBS, which will then be refinanced by the loan. The facility will be supported by copper receipts.

The loan will pay a margin of 1% point above the one-month London interbank offered rate.

Tracy Corrigan

EUROMARKET TURNOVER (\$m)

Primary Market	Secondary Market	Other	Total
1,047.5	82.6	624.5	1,754.6
1,047.5	82.6	624.5	1,754.6
1,047.5	82.6	624.5	1,754.6
1,047.5	82.6	624.5	1,754.6

THE FIRST quarter of 1991 fell into three periods for the international bond market: pre-war paralysis, post-war celebration and hangover.

The famine of new paper was due to the Gulf conflict, which caused institutional investment decisions to be postponed. Yet recession and an expectation of lower interest rates in many countries made bonds attractive on cyclical grounds. Once the threat of a large-scale regional conflict was seen to recede, both supply of new paper and demand from investors began to recover.

Borrowers with heavy funding requirements for the year could wait no longer and institutional investors had built up heavy cash holdings.

In total, \$83.5bn of new paper was added to the market, well above the \$48bn over the same period last year.

In particular, demand for dollar-denominated securities resurfaced with vigour by mid-February. The dollar hit an all-time low against the D-Mark, slightly below DM1.45, on February 11. This weakness was seen as an opportunity to buy dollar-denominated securities.

At first, with the US and many European economies moving deeper into recession, investors restricted their buy-

EUROBOND ISSUES BY CURRENCY				
1st quarter 1991		1st quarter 1990		
Rank	Currency	Total raised (\$bn)	No. of issues	Rank
1	US\$	17.81	79	1
2	Ecu	15.53	20	5
3	SwFr	7.48	37	3
4	Yen	7.28	46	4
5	CS	3.97	24	6
6	D-Mark	3.90	34	2
7	FFr	3.50	17	8
8	Lira	2.06	11	7
9	AS	1.45	22	7
10	Guldir	0.55	2	-

Source: IFB BONDAGE

ing to top-rated sovereign and supranational issues. And the new issues market was once again dominated by very large issues from non-corporate borrowers.

However, by mid-February investors were spreading their investment a little more widely, taking on longer-dated paper and a greater degree of credit risk in an attempt to outperform the market as a whole.

This has been reflected in the secondary market, with yield spreads on corporate paper narrowing from levels which were not an accurate reflection of credit risk.

Also, asset-backed markets are seeing something of a revival. "Greed has finally

overcome fear," commented one asset-backed borrower.

New issue volume slowed markedly during March as the market absorbed the paper. Moreover, the upturn in business confidence since the end of the Gulf war has dampened hopes of further immediate interest-rate cuts in many economies.

One of the most common themes heard around Euro-bond houses is that power is now concentrated in the hands of fewer firms.

To some this trend represents an overdue recognition that a firm has to bring specific value to a transaction.

To others, however, the trend is more sinister. One common view is that each cur-

rency sector of the market is the subject of "cartelisation" by the big players which is squeezing out smaller firms.

There are informal agreements among the main players in the dollar, Ecu and sterling sectors of the market as to the appropriate levels of fees on new issues. On several occasions in the last three months, leading houses have declined to participate in deals which were seen to carry too thin a level of fees.

The establishment of the fixed price reoffer mechanism, which forces participants in a deal to trade the paper at a fixed price rather than selling it to retail investors at the higher issue price, favours firms with strong institutional placement power.

However, the cartelisation theory is hard to stand up in practice. Competition for mandates remains intense.

Nowhere is this more true than in the Ecu sector, which continued to develop rapidly in the first quarter. New bond issues totalled \$15.5bn, against \$3.92bn in the same period last year. The aspiring single European currency came close to squeezing out the dollar as the favourite of the international bond market.

Within the notable issues there were signs of over-compe-

tion. For example, when Paris decided to increase Italy's 20-year deal from Ecu2bn to Ecu2.5bn on February 20, many investors took flight.

Appetite for Ecu bonds is limited. There was enough loose paper in the market for Goldman Sachs to build a Ecu400m holding, on which its strip issue of zero coupon bonds was based.

Pricing of new Ecu issues appeared to get progressively tighter as the market rallied. Houses were desperate to win prestigious Ecu mandates and borrowers were anxious to squeeze the last basis point out of the rising market.

However, once sentiment turned and Ecu bonds were seen as overvalued, a number of aggressively priced new issues were caught on the wrong side of the market.

In particular, two issues of Ecu500m by the European Community on February 26, led managed by Dresdner Bank and Credit Suisse First Boston, were launched into a soft market. The Dresdner deal immediately fell well outside full fees, and the CSFB deal traded at a discount equivalent to full fees.

Thinking the first quarter was a whole, Paribas retained its leadership of the Ecu sector, leading five issues totalling

TOP EUROBOND LEAD MANAGERS

Manager	First quarter of 1991			First quarter of 1990				
	\$bn	Rank	% Issues	\$bn	Rank	% Issues		
Morgan Stanley	6.53	1	10.31	8	0.73	(16)	1.75	8
Paribas	6.50	2	10.25	8	2.19	(7)	5.21	7
Nomura	6.53	3	6.88	28	5.28	(1)	12.51	30
Daiwa	3.87	4	6.11	22	2.27	(5)	5.39	18
CSFB	3.59	5	5.66	13	2.41	(4)	5.74	13
Merrill Lynch	3.12	6	4.93	7	0.31	(29)	0.74	3
Deutsche Bank	2.84	7	4.48	14	3.38	(2)	7.74	16
Nikko	1.98	8	3.15	13	1.70	(8)	4.05	6
Yamaichi	1.93	9	3.04	18	0.91	(13)	2.16	6
UBS	1.70	10	2.68	7	3.23	(3)	7.67	11
SBC Warburg	1.62	11	2.55	8	0.83	(15)	1.97	7
SG Warburg	1.22	12	2.55	9	1.04	(11)	2.48	5
Goldman Sachs	1.36	13	2.15	7	0.52	(23)	1.24	3
Oreodner Bank	1.36	14	2.14	6	0.58	(21)	1.39	2
OCF	1.18	15	1.86	3	0.30	(31)	0.72	3
IBJ	1.07	16	1.68	6	0.86	(14)	2.05	6
Hambros Bank	0.99	17	1.57	15	0.69	(18)	1.64	9
Bankers Trust	0.97	18	1.53	6	0.82	(17)	1.55	11
Credit Lyonnais	0.97	19	1.53	5	0.46	(24)	1.10	4
Salomon Bros.	0.91	20	1.43	3	2.21	(8)	5.25	5
Industry totals	163.57			298	43.12			310

† Preliminary figures. Full credit to book runner

Source: IFB BONDAGE

\$5.7bn. Morgan Stanley lead managed the UK government's Ecu2.75bn issue and a subsequent Ecu1.25bn issue for Belgium — together worth about \$5.25bn.

Elsewhere, dollar and D-Mark equity warrant issues by Japanese companies have continued to flow, albeit at a much reduced rate. In total, 28 warrant deals were launched with a total value of \$5.2bn. During the period of last year,

warrant bond issues totalled \$6.2bn.

Yet where there is supply, investors have appeared keen to buy paper priced against the new levels of the Tokyo stock market, following its 38 per cent fall last year.

The sterling sector was also a focus of attention, attracting \$7.4bn of new paper, against \$6bn in the first quarter of last year.

In particular, syndicate managers and potential borrowers have been monitoring the degree of continental European interest in sterling-denominated assets now that the UK currency is established within the European exchange rate mechanism.

Participants in the UK government bond market report increased overseas participation. Until recently, international investors have focused on the spread between the German and French markets as a trading axis. Now the spread between the UK market and the two main continental markets is of equal importance.

Evidence from the international bond market is less conclusive. Syndicate managers report selective buying by European institutions where the UK currency is seen as undervalued within the ERM.

This may have helped British Gas launch its £350m 10-year issue on March 11 — one of the biggest bond issues by a company in the Euromarket.

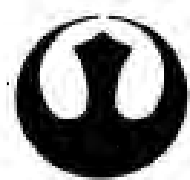
Simon London

NEW INTERNATIONAL BOND ISSUES

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Book runner	Offer yield %
US DOLLARS							
Parco Co.(a)(b)(c)	100	1995	4	4	100	Daiwa Europe	4.000
Council of Europe	200	1995	2	7½	100.925	Bankers Trust Int.	7.113
Malaysia(a)(b)(c)	100.15	2001	10	6	100	Morgan Stanley Int.	8.000
Owens Corning(a)(b)(c)	60	2005	15½	8	100	Goldman Sachs	8.160
Ed de Pont de Nemours†	250	1998	5	6½	101.025	SBC	8.042
Matsuya Co.(b)	60	1995	4	4½	100	Daiwa Europe	4.375
PT Pwiri Kimia(a)(b)(c)	75	2001	10	7½	100	Nomura Int.	7.250
Duty Free Int.(a)(b)(c)	45	2001	10	7	100	Lehman Bros.	7.000
STERLING							
BP Development Australia†	100	2001	10	11¼	100.05	Goldman Sachs	11.241
CANADIAN DOLLARS							
Ontario Hydro(b)(c)	3.99bn	(b)	(b)	zero	(f)	Merrill Lynch	-
ECU							
IBJ(a)(b)(c)	50	1999	8	9	99.40	IBJ International	9.109
AUSTRALIAN DOLLARS							
Ford Credit Australia†	50	1995	4	12¼	101.66	Westpac Banking Corp	12.204
D-MARKS							
Rohm Co.(b)(c)	150	1995	4	4½	100	Nomura BK GmbH	4.125
Metallgesellschaft Fin BV(a)(b)(c)	200	2001	10	8½	101	Dresdner Bank	4.203
Kyushu Leasing Service(a)(b)(c)	50	1995	7	9	101½	Bayerische VB	8.794
SWISS FRANCS							

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28th March, 1991



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WORLD STOCK MARKETS

AMERICA

Weak NAPM report leaves Dow depressed

Wall Street

A WEAK purchasing managers' report and downgrades in the technology sector depressed share prices in a quiet session yesterday morning, writes Patrick Harrison in New York.

By midday the Dow Jones Industrial Average was down 22.52 at 2,891.34, its lowest point of the session. The broader-based Standard & Poor's 500 was also weaker, down 2.82 at 372.40, while the Nasdaq composite of over the counter stocks was down 2.91 at 478.93.

NYSE turnover by noon was extremely light at 68m shares amid reports that some dealers and investors had stayed at home for the day.

Share prices opened weaker following the publication of the March report from the National Association of Purchasing Managers which showed production down for the eighth consecutive month, and employment at its lowest level since November 1982; this outweighed better news on inflation, the NAPM prices index falling sharply for the third month in a row.

Also contributing to the bearish sentiment was a series of broker downgrades of Digital Equipment, the leading computer group. Led by Merrill Lynch, several Wall Street securities houses lowered their quarterly earnings estimates for Digital in light of current trading conditions. Kidder Peabody slashed its estimate of third quarter profits from \$1.25 a share to 88 cents a share.

EUROPE

Bourses' fortunes mixed

MIXED fortunes attended the first continental markets open yesterday. MADRID posted strong early gains but ended off its day's highs after a sharp start on Wall Street, the Madrid general index ending 2.41 higher at 2,667.70 with construction the biggest winner of the day. Turnover was razor-

The news pushed Digital 4% lower to \$64, and had a knock-on effect in the technology sector. IBM slipped 2% to \$112.40, Compaq 1% to \$61, Unisys 3% to \$44, and Hewlett Packard 1% to \$48.40.

Warnings of a loss from American Airlines, although scarcely surprising to a market weary of bad news from troubled US carriers, sent shares in AMR, the airline's parent company, down 1% to \$37.

Bad earnings news saw US Shoe fall 5% to \$11.40 after reporting an after-tax loss of \$31m and a pre-tax restructuring charge of \$90m, and Pioneer Financial fell 4% to \$7.40 after reporting a fourth quarter loss of \$3.33 a share, down from a profit of 61 cents a share a year earlier.

On the over-the-counter market Synegen fell 1% to \$4.00 after reports that Mr Robert Kuper, the Kidder Peabody analyst, had downgraded his rating on the company's stock. Napa Valley Bancorp jumped 3% to \$14 after the company received an unsolicited bid from Westamerica Bancorp.

Canada

TORONTO was trading in a narrow range by midday in extremely light trade. The closure of most European markets kept investors cautious, and worries about more poor first quarter earnings results in Canada and the US also limited business.

The composite index lost 2.3 to 3,492.3. Advances led declines by 158 to 141 on volume of 4.1m shares.

Consolidation slows down French switchback ride

Most analysts think that share prices — a few excepted — may have peaked, writes William Dawkins

INVESTORS on the Paris bourse have had one of the most exciting rides in Europe since the start of the year, but the outlook seems dull for the next few months.

The CAC 40 index shot up from the 1,500 level at the turn of the year, driven by the boost to French competitiveness in export markets offered by the dollar's rise and by hopes of an interest rate cut. It peaked at just above 1,800 about a fortnight ago, with turnover running at a healthy FF2.5bn (\$486m) a day. It drifted back, and then perked up again late last week to 1,816, a two-week high, but still 6.9 percent below the level at which it stood last August 1, the day before Iraqi President Saddam Hussein invaded Kuwait. By the end of last week, daily turnover had fallen back to around FF2.2bn.

Most brokers are now looking for several months of consolidation. When the interest rate cut came on March 18, it was a disappointing quarter of a percentage point to 9 per cent. The franc continues to sit at the bottom of its permitted band in the European exchange rate mechanism, making further reductions unlikely.

Meanwhile, the results season has been as poor as expected, with an average 6 per cent decline in 1990 profits for the top 200 quoted companies, and "an extremely difficult outlook for the first half of 1991", says Mr David Harrington, an analyst at DLP James Capel.

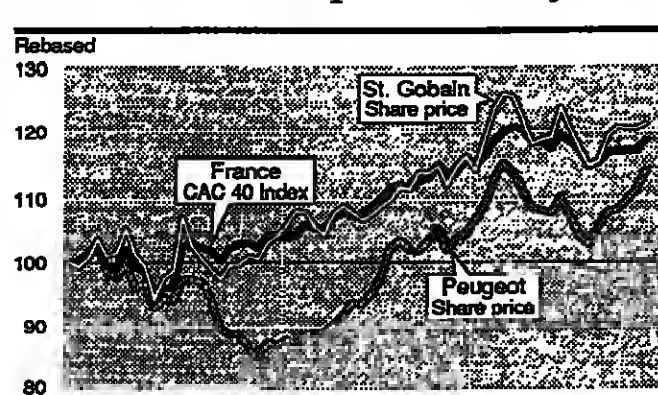
After a 0.4 per cent decline in house building product in the final quarter of 1990, analysts are expecting the first three months of this year to show a decline of the same order, technically indicating a recession.

"We see no material signs of a pick-up in the economy after the Gulf war. There will be some small nuptial, a blip

caused by the release of pent-up demand, but then we think demand will fall off again," says Mr Joe Hall, head of international sales at Baccot Allain, the Paris stockbrokerage unit of S.G. Warburg.

"Interest rates will have to come back a bit more if there is to be a lasting recovery," adds Mr Rupert Baker, international equity salesman at brokers Oddo.

Not surprisingly, the best performers in recent months have been stocks likely to benefit from a stronger dollar, plus cyclical stocks in sectors such as engineering and construction, sensitive to general



Rebased

Source: Datastream

improvements in industrial demand. The recent rise in certain share prices — especially the cyclical — depended on expectations of a rapid exit from the recession, corresponding to the most optimistic scenario, and so constituting a key factor in our caution," warns brokers Cholet-Dupont.

However, DLP James Capel and some others think that the Peugeot car group and Saint-Gobain, the glass and pipes maker, have not yet seen a full re-rating.

Another trend has been a slight pick-up in acquisitions, including the contested bid from Schneider, the engineering group, for Square D, the US electrical equipment maker, plus the buying in of minorities by several holding groups.

These include Compagnie Bancaire's offer for the outstanding shares in its UCB property lending subsidiary, Suez's decision to take full

ownership of Compagnie La Hénin, the food and property holding group, and the offer from Paribas to buy out minority shareholders in Clements Français and Poliet.

These minority acquisitions are probably motivated by the holding companies' realisation that their subsidiaries are undervalued, presenting a useful opportunity for them to increase their asset bases, argues Baccot Allain's Mr Hall.

In the coming months, several analysts believe that the supply of rights issues which has hit the UK recently could spread to Paris and other European markets. Accor, in hotels, Schneider, Assurances Générales de France, the insurer, and Total, the oil group, are cited as possibilities. Heavily indebted companies which were planning to issue new equity before the markets went into a nose-dive in the second half of last year may also want to take the opportunity now.

ASIA PACIFIC

Arbitrageurs depress Nikkei as institutions stay away

Tokyo

A LACK of institutional involvement left equities vulnerable to arbitrage unwinding yesterday, and the Nikkei average turned lower as traders sold in the cash market against futures, writes Emilio Terzuolo in Tokyo.

The 225-issue average, which opened at the day's high of 25,297.79, fell below the 25,000 level, the day's low of 25,014.29, and eventually finished at 25,007.40, down 284.54 from Friday's close.

Activity remained subdued with 200m shares changing hands. Lack of participation on the domestic side and the absence of foreign investors due to the Easter holidays depressed turnover.

"There are no incentives for institutions to trade," said Mr Toyoharu Tsutsumi at CS First Boston. He added that at the moment Tokyo was a mere shadow of overseas markets, and investors were waiting for movements in the US and in Europe.

Losers led gainers by 564 to 404 with 171 unchanged. The Topix index of all first section stocks fell 10.77 to 1,968.96.

Investors focused on smaller, lagged issues, and stocks recommended by the four big brokerage houses. The most active issue of the day and gained Y100 to Y2,930. Investors were attracted to its growth potential in plant projects, especially in south-east Asia.

Special steels, also on the recommendations list, advanced. Nippon Light Metal, the leading aluminium producer, gained Y46 to Y1,020, Nishin Steel added Y27 to Y704, and Sankyo Aluminium rose Y10 to Y1,570.

Interest-rate sensitive issues fell as the yen remained low against the dollar. The central bank is expected to maintain the current stance on monetary policy as long as the yen does not regain ground. Tokyo Electric Power lost Y30 to Y3,810.

Following yesterday's official merger between Kyowa Bank and Saitama Bank, shares in the new Kyowa Saitama Bank rose Y40 to Y1,200. The merger makes Kyowa Saitama Bank Japan's eighth largest in terms

of deposits, and investors favoured the bank's projected growth in the retail banking sector. Other bank issues lost ground with Industrial Bank of Japan declining Y30 to Y3,520, and Fuiji Bank falling Y70 to Y2,540.

Zexel, the fuel injection pump maker, rose Y78 to Y918, advancing for the fifth trading day on reports that the company will start electronic sensor production for air bags under a technological tie-up with a German company.

Mitsubishi, the trading company, fell Y10 to Y1,330 on reports that tax authorities are investigating a Y1.5bn discrepancy in the company's reports regarding purchases of two Renault passenger cars.

Smaller-capital issues continued to rise, with the second section advancing 0.13 to 3,240.86, and the OTC average gaining 22.22 to 2,993.06.

In Osaka, the OSE average fell 11.72 to 29,163.37 on volume of 32.4m shares. Investors sought small and medium capital issues backed by brick earnings. Sanoyas, a ship builder belonging to the Sumitomo group, gained Y90 to Y1,690. It

is expected to post Y2m in pre-tax profits for the year ended March.

Roundup

SENTIMENT, and the level of activity were both mixed in the region yesterday. Australia, New Zealand and Hong Kong were closed for the Easter Monday holiday. However, economic prospects moved both Taiwan, and South Korea.

TAIWAN continued its upward career on improved economic fundamentals, the weighted index finishing another 157.98, or 3.1 per cent higher at 5,297.92, its highest closing level since Iraq invaded Kuwait on last August 2.

TAIWAN's export-driven textile and paper stocks registered the steepest advances in the first quarter of 1991, climbing by 51.1 per cent and 50.3 per cent respectively.

BOMBAY climbed on hopes that institutional demand will rise, the BSE index rising 25.84, or 2.2 per cent to 1,193.51. Brokers estimated that the institutions had raised some Rs6bn through tax-effective, equity-

linked savings schemes over the past two months.

MANILA made a 13-month high in moderately active trading, the composite index rising 20.04, or 1.8 per cent to 1,117.90 with gains in the commercial, industrial and oil sectors outweighing a decline in mines.

SEOUL resumed its decline after a recovery on Saturday, the composite index falling 9.90 to 650.05 in turnover down from W on 123.1bn to Won104.5bn.

The renewed downturn was blamed largely on the South Korean government's tight monetary policy, which aims at curbing rising prices after a 4.9 per cent jump in consumer prices during the first three months of this year, the Bank of Korea also predicted yesterday that bank credits to the private sector during the second quarter will be reduced to Won3 trillion from Won3.1 trillion for the same period of last year.

SINGAPORE found trading subdued by holidays in the UK and Hong Kong. The Straits Times index, weighted toward blue chips, fell 4.46 to 1,486.47, and turnover was Rs6bn down from \$188m last Thurs-

day. Malaysia's Dunlop Estates, which recommenced trading yesterday after a restructuring and suspension, was the most active stock in both Singapore and Malaysia: 9.4m shares were traded in Singapore, and some 15m in Kuala Lumpur.

The stock also posted by far the steepest gains, more than doubling to S\$2.16 from the S\$1.00 level where it was suspended late last year. The restructuring saw the sale of all Dunlop's plantation assets and the eventual purchase of a controlling stake in the lottery company, Magnum.

KUALA LUMPUR closed mixed, the KLSSE composite index rising just 0.01 at 557.06 in thin and cautious trading. BANGKOK weakened, the SET index closing 8.56 lower at 857.18. Some traders said that Thai stocks could firm soon, as listed companies will announce their first quarter results this month.

TAKARATA eased in the face of tight liquidity and a lack of buying orders, the official index closing 1.02 lower at 407.09 in volume down from 4.7m shares to 1.81m.

US COMMODITIES PRICES

New York

GOLD 100 troy oz, \$/troy oz.				
	Latest	Previous	High/Low	
Apr	356.7	357.1	356.7	357.0
Jul	361.8	359.4	362.7	359.1
Aug	354.5	352.5	354.5	352.9
Feb	375.0	372.7	375.0	374.0

PLATINUM 50 troy oz, \$/troy oz.				
	Latest	Previous	High/Low	
Apr	392.0	396.8	392.5	398.5
Jul	398.5	395.6	398.5	395.5
Oct	402.0	398.5	402.0	395.5
Jan	404.0	403.3	404.0	402.0

SILVER 50 troy oz, cents/troy oz.				
	Latest	Previous	High/Low	
May	395.0	395.8	397.0	395.5
Jul	400.0	391.4	401.3	390.5
Sep	405.0	398.2	405.0	397.5
Dec	412.0	403.1	413.0	404.0
Mar	418.5	410.7	420.0	417.5

HIGH GRADE COPPER 25,000 lbs, cents/lb				
	Latest	Previous	High/Low	
Apr	106.40	106.40	107.25	105.30
May	106.50	106.20	107.40	105.20
Jul	106.30	105.00	106.50	105.20
Oct	105.20	104.45	105.50	103.20
Sep	104.80	103.80	104.80	104.80
Dec	103.00	102.00	103.40	103.00

CRUDE OIL (Light) 42,000 US gal, \$/barrel				
	Latest	Previous	High/Low	
May	18.57	18.63	18.74	18.56
Jul	19.45	19.48	19.58	19.42
Oct	19.37	19.37	19.46	19.34
Aug	19.32	19.29	19.38	19.25
Sep	19.28	19.27	19.37	19.25
Oct	19.37	19.29	19.40	19.30
Nov	19.40	19.31	19.40	19.30
Jan	19.45	19.35	19.45	19.35

HEATING OIL 42,000 US gal, cents/US gal				
	Latest	Previous	High/Low	
May	54.45	54.81	54.80	54.30
Jul	53.10	53.54	53.60	53.10
Aug	53.15	53.04	53.15	52.75
Sep	53.10	52.14	52.52	52.22
Oct	52.80	52.64	52.65	52.60
Dec	52.80	52.60	52.60	52.60

COCOA 10 tonnes/tonnes

	Latest	Previous	High/Low	
May	1136	1105	1137	1130
Jul	1167	1136	1167	1142
Sep	1200	1180	1200	1180
Dec	1233	1201	1233	1209
Mar	1245	1233	0	0

COFFEE "C" 37,500 lbs, cents/lb				
	Latest	Previous	High/Low	
May	95.10	94.70	95.40	94.25
Jul	97.20	96.55	97.40	96.30
Sep	98.10	96.35	98.10	96.30
May	100.00	104.80	0	0
Jul	107.55	105.00	0	0

SUGAR WORLD "11" 112,000 lb, cents/lb				
	Latest	Previous	High/Low	
May	8.02	8.80	9.02	8.80
Jul	8.78	8.55	8.78	8.55
Oct	8.64	8.52	8.64	8.52
Mar	8.39	8.28	8.39	8.28
May	8.43	8.52	8.43	8.28
Jul	8.49	8.43	8.39	8.32

COTTON 50,000, cents/lb				
	Latest	Previous	High/Low	
May	83.45	81.82	83.75	82.82
Jul	83.80	82.11	83.80	82.25
Oct	73.29	72.08	73.40	72.81
Dec	68.12	68.05	68.25	68.55
May	69.80	68.85	69.80	68.55
Jul	70.20	69.45	70.30	69.80
Oct	69.80	69.20	69.80	69.80

ORANGE JUICE 15,000 lbs, cents/lb				
	Latest	Previous	High/Low	
May	117.25	116.25	117.55	116.80
Jul	117.25	116.25	117.45	116.25
Sep	117.50	116.00	117.50	116.25
Nov	116.50	115.80	0	0

SOYABEANS 5,000 bu, cents/bu				
	Latest	Previous	High/Low	
May	591/2	574/8	593/4	579/8
Jul	591/2	582/8	593/8	582/8
Aug	590/4	585/2	591/8	585/2
Sep	591/4	585/2	591/8	585/4
Nov	592/8	585/8	593/8	585/8
Jan	593/4	585/4	593/4	585/2

SOYABEAN OIL 50,000 lb, cents/lb

	Latest	Previous	High/Low	
May	21.67	21.23	21.74	21.30
Jul	22.00	21.58	22.08	21.58
Aug	22.17	21.80	22.32	21.80
Sep	22.27	21.67	22.40	21.97
Dec	22.28	22.23	22.70	22.33

SOYABEAN MEAL 100 tons, \$/ton				
	Latest	Previous	High/Low	
May	173.0	167.7	174.0	168.0
Jul	178.7	171.5	172.8	173.0
Aug	178.4	173.0	178.3	174.5
Dec	185.3	180.0	188.3	182.0

MAIZE 5,000 bu, cents/bu				
	Latest	Previous	High/Low	
May	267/8	259/8	268/8	254/8
Jul	264/4	259/4	265/4	262/0
Sep	264/0	259/0	265/0	261/4
Dec	264/0	259/0	265/0	261/2
May	271/0	264/0	271/4	269/4
Jul	276/2	269/8	276/4	273/8
Oct	279/2	271/8	279/4	274/0

WHEAT 5,000 bu, cents/bu				
	Latest	Previous	High/Low	
May	220/2	220/8	224/0	220/4
Jul	301/2	298/0	303/0	298/0
Sep	303/2	303/4	310/4	304/4
Dec	322/4	318/8	324/0	319/4
Mar	330/0	324/4	330/0	328/0

Apr	81.85	81.40	81.85	81.85
Jun	77.62	77.12	77.80	77.25
Aug	74.85	74.45	74.97	74.00
Oct	78.37	76.92	76.45	75.97
Dec	76.47	76.06	76.47	76.06
Feb	76.12	76.75	76.12	75.96
Apr	76.30	75.90	76.30	76.20
LIVE HOGS 30,000 lb; cents/lbs				
	Latest	Previous	High/Low	

WORLD STOCK MARKETS

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TORONTO

1:15 pm prices April 1

Duration in cents unless marked S

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INDICES

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هذه نماذج الامتحان

CURRENCIES, MONEY AND CAPITAL MARKETS

MONEY MARKETS

D-Mark needs help

THERE HAVE been few if any concrete signs that the US economy is recovering from recession, but the expectation of a pick up has been enough to lift the dollar at a time when Germany is encountering substantial problems.

UK clearing bank base lending rate 12.5 per cent from March 22, 1991

Mass unemployment has encouraged crowds in eastern Germany, who cheered German Chancellor Helmut Kohl as their liberator only a year ago, to call for his resignation. Unions are demanding pay settlements well above the rate of inflation, and in its latest monthly report the Bundesbank says "there is no mistaking the fact that the risks to prices in the foreseeable future have increased significantly."

Demand pressures have led to a sharp rise in German imports. The Bundesbank expects a current account

surplus this year, but in January there was a deficit of DM1.2bn, and Friday's figures for February are also likely to show a shortfall.

It is not out of the question that Thursday's meeting of the Bundesbank council will increase official interest rates. A clue may be provided tomorrow if the central bank encourages higher rates by offering a variable rate securities repurchase agreement tender, rather than the fixed 8.50 per cent for February.

A co-ordinated move to raise German rates and cut US rates could result if Friday's US employment figures are weak. A rise to 8.50 from 6.50 per cent has been forecast for unemployment, coupled with a large fall of around 165,000 in non-farm payrolls. This may be enough to prompt an easing in credit policy by the Federal Reserve and if the Bundesbank has tightened the D-Mark should be receiving some relief from its present problems.

IN NEW YORK

	Mar 28	Mar 27	Mar 26
3 month	7.00	6.75	6.50
6 month	6.75	6.50	6.25
12 month	6.50	6.25	6.00

STERLING INDEX

	Mar 28	Mar 27	Mar 26
100	100.00	100.00	100.00
100	100.00	100.00	100.00
100	100.00	100.00	100.00

CURRENCY RATES

	Mar 28	Mar 27	Mar 26
US dollar	1.790	1.785	1.780
Japanese yen	160.00	159.50	159.00
Swiss franc	1.450	1.445	1.440
French franc	6.550	6.545	6.540

CHICAGO

	Mar 28	Mar 27	Mar 26
US Treasury bill 91	91.00	91.00	91.00
US Treasury bill 92	92.00	92.00	92.00
US Treasury bill 93	93.00	93.00	93.00

US TREASURY BILLS

	Mar 28	Mar 27	Mar 26
91	91.00	91.00	91.00
92	92.00	92.00	92.00
93	93.00	93.00	93.00

US TREASURY BILLS

	Mar 28	Mar 27	Mar 26
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US TREASURY BILLS

	Mar 28	Mar 27	Mar 26
91	91.00	91.00	91.00
92	92.00	92.00	92.00
93	93.00	93.00	93.00

CURRENCY MOVEMENTS

	Mar 28	Mar 27	Mar 26
US dollar	1.790	1.785	1.780
Japanese yen	160.00	159.50	159.00
Swiss franc	1.450	1.445	1.440

OTHER CURRENCIES

	Mar 28	Mar 27	Mar 26
100	100.00	100.00	100.00
100	100.00	100.00	100.00
100	100.00	100.00	100.00

CURRENCY RATES

	Mar 28	Mar 27	Mar 26
US dollar	1.790	1.785	1.780
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91	91.00	91.00	91.00
92	92.00	92.00	92.00
93	93.00	93.00	93.00

US TREASURY BILLS

	Mar 28	Mar 27	Mar 26
91	91.00	91.00	91.00
92	92.00	92.00	92.00
93	93.00	93.00	93.00

US TREASURY BILLS

	Mar 28	Mar 27	Mar 26
91	91.00	91.00	91.00
92	92.00	92.00	92.00
93	93.00	93.00	93.00

POUND SPOT - FORWARD AGAINST THE POUND

	Mar 28	Mar 27	Mar 26
100	100.00	100.00	100.00
100	100.00	100.00	100.00
100	100.00	100.00	100.00

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

	Mar 28	Mar 27	Mar 26
100	100.00	100.00	100.00
100	100.00	100.00	100.00
100	100.00	100.00	100.00

EXCHANGE CROSS RATES

	Mar 28	Mar 27	Mar 26
100	100.00	100.00	100.00
100	100.00	100.00	100.00
100	100.00	100.00	100.00

EURO-CURRENCY INTEREST RATES

	Mar 28	Mar 27	Mar 26
100	100.00	100.00	100.00
100	100.00	100.00	100.00
100	100.00	100.00	100.00

FT LONDON INTERBANK FIXING

	Mar 28	Mar 27	Mar 26
100	100.00	100.00	100.00
100	100.00	100.00	100.00
100	100.00	100.00	100.00

MONEY RATES

	Mar 28	Mar 27	Mar 26
100	100.00	100.00	100.00
100	100.00	100.00	100.00
100	100.00	100.00	100.00

LONDON MONEY RATES

	Mar 28	Mar 27	Mar 26
100	100.00	100.00	100.00
100	100.00	100.00	100.00
100	100.00	100.00	100.00

FT-ACTUARIES WORLD INDICES

	Mar 28	Mar 27	Mar 26
100	100.00	100.00	100.00
100	100.00	100.00	100.00
100	100.00	100.00	100.00

FRIDAY MARCH 28 1991

	Mar 28	Mar 27	Mar 26
100	100.00	100.00	100.00
100	100.00	100.00	100.00
100	100.00	100.00	100.00

THURSDAY MARCH 27 1991

	Mar 28	Mar 27	Mar 26
100	100.00	100.00	100.00
100	100.00	100.00	100.00
100	100.00	100.00	100.00

DOLLAR INDEX

	Mar 28	Mar 27	Mar 26
100	100.00	100.00	100.00
100	100.00	100.00	100.00
100	100.00	100.00	100.00

LONDON RECENT ISSUES

	Mar 28	Mar 27	Mar 26
100	100.00	100.00	100.00
100	100.00	100.00	100.00
100	100.00	100.00	100.00

FIXED INTEREST STOCKS

	Mar 28	Mar 27	Mar 26
100	100.00	100.00	100.00
100	100.00	100.00	100.00
100	100.00	100.00	100.00

RIGHTS OFFERS

	Mar 28	Mar 27	Mar 26
100	100.00	100.00	100.00
100	100.00	100.00	100.00
100	100.00	100.00	100.00

BANK OF ENGLAND TREASURY BILL TENDER

	Mar 28	Mar 27	Mar 26
100	100.00	100.00	100.00
100	100.00	100.00	100.00
100	100.00	100.00	100.00

WEEKLY CHANGE IN WORLD INTEREST RATES

	Mar 28	Mar 27	Mar 26
100	100.00	100.00	100.00
100	100.00	100.00	100.00
100	100.00	100.00	100.00

FINANCIAL TIMES STOCK INDICES

	Mar 28	Mar 27	Mar 26
100	100.00	100.00	100.00
100	100.00	100.00	100.00
100	100.00	100.00	100.00

BRITISH FUNDS

	Mar 28	Mar 27	Mar 26
100	100.00	100.00	100.00
100	100.00	100.00	100.00
100	100.00	100.00	100.00

BRITISH FUNDS - Contd

	Mar 28	Mar 27	Mar 26
100	100.00	100.00	100.00
100	100.00	100.00	100.00
100	100.00	100.00	100.00

AMERICANS - Contd

	Mar 28	Mar 27	Mar 26
100	100.00	100.00	100.00
100	100.00	100.00	100.00
100	100.00	100.00	100.00

INT. BANK AND O'SEAS

100c 91#	998	-0.1	12.2	121m 121m	1268	8000c	21c 03	68
11c 1991	998	-0.1	19.3	124p 250p	1268	12000c	21c 06	69
18c 1991	998	-0.1	5.11	124m 100m	1335	15000c	21c 09	70
54c 1992#	181	-0.1	22.1	22.1m 22.1m	1335	15000c	21c 11	74
10c 1992	999	-0.1	7.3	21m 21c	1335	15000c	21c 12	75
10 1/2 1992#	979	-0.2	1.10	7 1/2 13 1/2	1335	17000c	21c 16	83
3c 1992	999	-0.1	5.11	7 1/2 13 1/2	1335	17000c	21c 20	83
12 1/2 92	100	-0.2	2.11	7 1/2 13 1/2	1335	9000c	21c 24	89

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PROPERTY

هذه امان الامل

2:00 pm prices April 1

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

A			B			C			D			E			F			G			H			I			J			K			L			M			N			O			P			Q			R			S			T			U			V			W			X			Y			Z			AA			AB			AC			AD			AE			AF			AG			AH			AI			AJ			AK			AL			AM			AN			AO			AP			AQ			AR			AS			AT			AU			AV			AW			AX			AY			AZ			BA			BB			BC			BD			BE			BF			BG			BH			BI			BJ			BK			BL			BM			BN			BO			BP			BQ			BR			BS			BT			BU			BV			BW			BX			BY			BZ			CA			CB			CC			CD			CE			CF			CG			CH			CI			CJ			CK			CL			CM			CN			CO			CP			CQ			CR			CS			CT			CU			CV			CW			CX			CY			CZ			DA			DB			DC			DD			DE			DF			DG			DH			DI			DJ			DK			DL			DM			DN			DO			DP			DQ			DR			DS			DT			DU			DV			DW			DX			DY			DZ			EA			EB			EC			ED			EE			EF			EG			EH			EI			EJ			EK			EL			EM			EN			EO			EP			EQ			ER			ES			ET			EU			EV			EW			EX			EY			EZ			FA			FB			FC			FD			FE			FF			FG			FH			FI			FJ			FK			FL			FM			FN			FO			FP			FQ			FR			FS			FT			FU			FV			FW			FX			FY			FZ			GA			GB			GC			GD			GE			GF			GG			GH			GI			GJ			GK			GL			GM			GN			GO			GP			GQ			GR			GS			GT			GU			GV			GW			GX			GY			GZ			HA			HB			HC			HD			HE			HF			HG			HH			HI			HJ			HK			HL			HM			HN			HO			HP			HQ			HR			HS			HT			HU			HV			HW			HX			HY			HZ			IA			IB			IC			ID			IE			IF			IG			IH			II			IJ			IK			IL			IM			IN			IO			IP			IQ			IR			IS			IT			IU			IV			IW			IX			IY			IZ			JA			JB			JC			JD			JE			JF			JG			JH			JI			JJ			JK			JL			JM			JN			JO			JP			JQ			JR			JS			JT			JU			JV			JW			JX			JY			JZ			KA			KB			KC			KD			KE			KF			KG			KH			KI			KJ			KL			KM			KN			KO			KP			KQ			KR			KS			KT			KU			KV			KW			KX			KY			KZ			LA			LB			LC			LD			LE			LF			LG			LH			LI			LJ			LK			LL			LM			LN			LO			LP			LQ			LR			LS			LT			LU			LV			LW			LX			LY			LZ			MA			MB			MC			MD			ME			MF			MG			MH			MI			MJ			MK			ML			MM			MN			MO			MP			MQ			MR			MS			MT			MU			MV			MW			MX			MY			MZ			NA			NB			NC			ND			NE			NF			NG			NH			NI			NJ			NK			NL			NM			NN			NO			NP			NQ			NR			NS			NT			NU			NV	
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THREE CIGARETTES



هذه جوامع الاصل

NASDAQ NATIONAL MARKET

12:15 am prices April 1

[illegible]

1:15 pm prices April 1

[illegible]

FT SURVEYS

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THE FT INTERVIEW

Counsellor for a new way of life

Oleg Ozherelev, Mr Gorbachev's new economic adviser, talks to John Lloyd and Quentin Peel

One of President Mikhail Gorbachev's favourite phrases has been "sana zhen", or "life itself". This phrase, in Mr Gorbachev's use of it, has been a lever for reform: "life itself", surging up from below, driven by the power of popular impatience and desire for liberty, has been his fuel.

Today, in the mouth of Mr Gorbachev's new economic adviser Mr Oleg Ozherelev, "life itself" is no longer a spur, but a brake. For the realities of "life itself" have forced a shift away from the strategies of a rapid dash to a free market and the 500-day programme associated with Professor Stanislav Shatalin and Mr Nikolai Petrakov, Mr Gorbachev's former economic adviser, to a posture of caution, withdrawal and stabilisation. Mr Ozherelev, the courteous and attentive man who was appointed to the post in February, is a counsellor for a new version of life.

Among the many revealing comments he made in the course of an interview of nearly three hours was a brief discussion of the Chilean experience - introduced because of the overt admiration expressed by some conservatives of the authoritarian imposition of a market economy by the former Chilean president, General Augusto Pinochet. Mr Ozherelev drew a rather different lesson. He noted that Salvador Allende, Pinochet's predecessor, "was a real democrat, and we must learn from his experience" (he was killed in a military coup in September 1973). In the light of that experience Mr Gorbachev should not allow himself to be misled "a hostage of his democratic views".

Two points emerge from the Chilean parallel. First, that there exists a deep fear in the highest circles of a coup; second, that there also exists a firm intention to avoid it, by using at least some authoritarian methods.

Mr Ozherelev's role is to advise on what these fears mean in the economic sphere. He is frank - indeed, emphatic - on the malaise with which the government has to deal. The destruction of the old command system and the lack of success in constructing a new one has led to a disorientated, chaotic production and distribution process, where republics and enterprises conduct a ceaseless and predatory search for funds, resources and labour. If this continues, he says, a drop in production of 40-50 per cent would ensue this year - and with it, hunger, riots and a possible coup.

"Unfortunately, our efforts to avoid this are seen in the west as a reversal. But it is a reaction to the existing situation."

Challenged with the widely held view that Mr Gorbachev's change of course last autumn - when he backed away from a rapid switch to a market-based economy - was in part dictated by pressure from the managers of big enterprises, principally in military-related industries, Mr Ozherelev admits there may be some conservative elements among managers. "But not many. The normal situation is that these leaders ask for more independence from the state, not less."

"Imagine the situation: an enterprise produces something requiring 600 components. But a supplier fails to deliver three components. The enterprise manager is prepared to pay any price to get the job done - but to no avail. The manager can be the most radical of people, but what can he do? He demands a restoration of the links between him and the suppliers. It is exactly these situations which the president must confront and resolve. These are real situations - made worse by the total absence of a market in the country - which some radical Soviet and western economists do not take into account."

The huge industries serving the military, shielded from the worst rigours of the economy by privileged supply chains, skilled workers and better technology, should not, says Mr Ozherelev, be seen as dinosaurs refusing to reform.

"These people [in industries producing for the military] share the thinking of our times - they are no more enemies of the market economy than those in any other sphere. The defence minister is, of course, interested in hoarding competition among his suppliers. One cannot say there is a 'congenital hatred' of the market here [in the military]. But what one can say is that this closed sector cannot be tolerated any longer. We must open it up. It will be more difficult here but it will come."

What, then, does he propose? Essentially, a reliance on the president's good intentions and those of his team, including himself. "I have no doubts about the necessity of the market. Since my student days I have been convinced that a just and social society, and the meaning of socialism itself, was not possible without the creation of market relations and a market economy. It is a question of how it should be



I have no doubts about the necessity of the market

carried out without social upheavals."

As for the president, Mr Ozherelev says: "I know of no other man so deeply committed to the need for deep democratic change. He has such a subtle approach. I can discuss any problem with him and he will examine it for its potential for real democratic change."

Small enterprises - shops and workshops - should be privatised "as soon as possible,

PERSONAL FILE

1941 Born in Leningrad. Educated at Leningrad University. Married, with one son.

1981 Professor, then dean of economic faculty, Leningrad University.

1984 Joined central committee staff of the Communist Party.

1989 Promoted to consultant of scientific division within ideology department.

Feb 1991 Appointed economic adviser to President Gorbachev.

in the course of this year". But for the medium-sized and larger enterprises - the bulk of the economy - "we should use the old system to re-establish links which will allow them to produce properly once more."

At the root of the problem - one to which he returned again and again - was the legacy of the "deep inner contempt" for the market incultured into the population, including the managers of enterprises. "We have very few specialists on the market economy - and those that do exist are theorists, not practitioners." It is in this area, says Mr Ozherelev, that the west can best help, in a re-education of the senior managers and specialists in the practice of the market.

"The country's economists are wholly uneducated from the point of view of economic methods; here there are good prospects for co-operation."

Yet foreign assistance is not, he adds, "based on philanthropy". Instead, it is a shrewd self-interest which governs any action. "A country such as the Soviet Union, with its huge military potential, must be a normal, civilised society. If not, then a catastrophe is quite possible of the kind a science fiction writer could not imagine. The destruction of the union, and its breaking up into independent states would be impossible to settle within the sphere of international relations. We must create a single economic space, like the European Community."

Though Mr Ozherelev is close to the president, the same cannot be said of his ties with the government. Asked to comment on the pronouncements in February of Mr Valentin Pavlov, the prime minister, that the economy was being sabotaged by western banks buying up hundreds of billions of roubles, he pauses, smiles, and says carefully: "He was not quite accurate in expressing his views on this subject. It may be that there were some grounds for it. People exist everywhere who don't wish each other well. Mr Pavlov is very intelligent - an economist - he realises perfectly well that there should be normal relations and that these relations should not be based on some sort of dogma. I would hope that in practice he would prove to be quite different."

Mr Ozherelev's own role is to give Mr Gorbachev independent advice, which may conflict with that offered by his government. The president should, he says, be exposed to a range of views.

Mr Ozherelev himself professes the customary reluctance of the Soviet intellectual

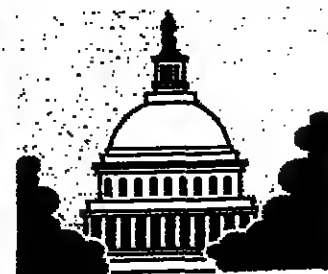
to take a part in power; he was happiest in academic life. Persuaded to join the central committee structure in 1984 by Mr Vadim Medvedev, the ideology chief, he rose quickly, avoiding the taint of being either a conservative or a radical.

He says he was surprised to be appointed economic adviser to the president. "At another time I would have hardly agreed. But the situation was so critical, especially after so many people had left Gorbachev, that I could not reject the offer. So I will just have to put up with the difficulties of life."

Quoting Vladimir Mayakovsky - the Russian poet and revolutionary who struggled within a developing totalitarianism of the 1920s for artistic freedom while remaining a communist - Mr Ozherelev says: "My labour may contribute to the work of my country, and that brings me satisfaction."

Whether or not it will bring satisfaction to his president, and to his country, "sana zhen" will tell.

The birth of a broader economic discipline



MICHAEL PROWSE on America

A group of US academics is trying to launch a new kind of economics: a set of theories more likely to promote a kinder, gentler America than the free market doctrines of the 1980s.

The new economics goes by the ungainly title of "socio-economics". The "socio" indicates that the theories incorporate elements from psychology, sociology and political science. Indeed, a fundamental assertion of socio-economics is that traditional economics is unable to solve many real-world problems because its approach is too narrow.

One of the movement's high priests is Mr Amitai Etzioni, a professor at the George Washington University and a former adviser to President Jimmy Carter. In 1988, he published *The Moral Dimension: Towards a New Economics* (Free Press, New York). The following year he helped launch the Society for the Advancement of Socio-Economics - a group that appears to be flourishing. It has about 800 academic members in 22 countries. Honorary fellows include such respected figures in economics as Amartya Sen and Kenneth Boulding.

Mr Etzioni is also an editor of *The Responsive Community*, a quarterly launched this winter. The opening editorial declares war on "Me-ism", greed and selfishness in the US, arguing that the rights of the individual must be balanced with responsibilities toward the community. It hopes to appeal to both liberals and conservatives.

At present, socio-economics lacks definition. There is no body of established theorems, no textbooks, no official university courses, no stream of PhDs anxious to change the world. In these early days, enthusiasts mainly share a common approach, a belief that economics must involve "the whole person and all facets of society". The fledgling discipline defines itself negatively by rejecting crucial elements in market or "neoclassical" economics - the only approach taken seriously in most US and UK universities.

A central criticism is that traditional economics exaggerates the autonomy of the individual. It portrays us as "sovereign" consumers, independently forming prefer-

behaviour typically involves "optimisation subject to constraints", market economics is implicitly endorsing us with the information-processing powers of a modern computer. For socio-economists, this rationalist vision of economic man is untenable. In their eyes, everything we do is influenced by emotions and values. Psychological research, moreover, confirms that we lack the intellectual capacity to process information efficiently. People can hold only some seven items (sometimes as low as three) in their immediate mental grasp. In most instances we could not handle the "utility", even if this were our goal.

If you are doubtful, analyse your own decisions. How often have you chosen of where to live or what to buy been based on cold logic? At college, did you thoroughly assess the merits of different career options? Or did you, like me, make an essentially arbitrary decision based on intuition, and only the vaguest understanding of the merits of different options?

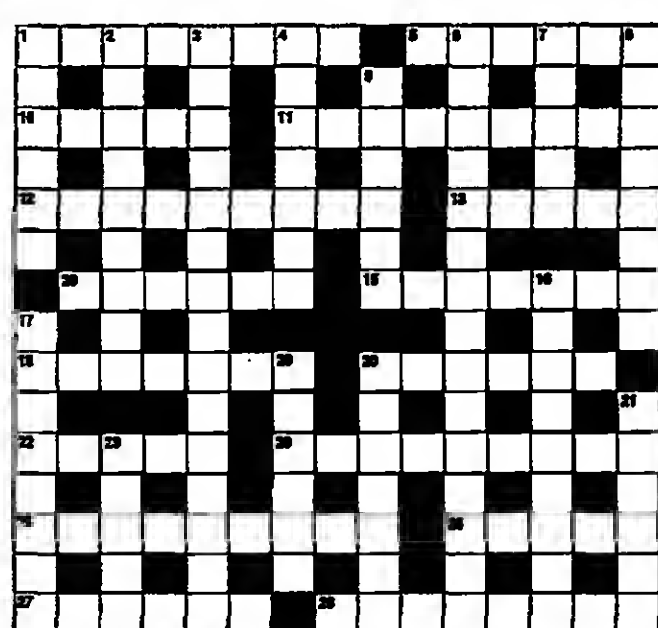
Such objections to mainstream economics may seem abstract, even negligible. But they matter. Do you think high taxes retard economic growth? Do you regard the public sector as inherently inefficient? If your answer is yes, you have (consciously or unconsciously) accepted the validity of the neoclassical model. If individuals are autonomous, rational, pleasure-seeking machines, these and other propositions are probably true. But if neoclassical economics is built on shaky foundations, if it captures only a portion of reality, they are probably false.

In a country where the ownership of assault rifles is widely regarded as a fundamental human right, it would be unwise to forecast mass popularity for socio-economics. Nor does the new approach stand much chance of slowing the momentum of market economics, which enjoys the power and influence of an established religion. But enthusiasts can pose awkward questions. The economics profession ought to scrutinise its assumptions, widen its horizons and heed advances in the other social sciences.

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CROSSWORD

No. 7,507 Set by GRIFFIN



ACROSS

- Volume covering a large town (6)
- Mad eccentric grubs handle when tickled (6)
- Cancel advance payment, accepting credit (6)
- Surely aunt managed to recover? (9)
- I sent Les a new key (9)
- Present always includes good books (6)
- Two ways in, far quicker (6)
- School subject requiring special lab gear (7)
- Red managed without us and is retiring (7)
- When atmosphere's about right, ring down (6)
- About a month left away from island (6)
- Club attempts to include key army units (6)
- Drug figure Lisa worked out (6)
- Staff going back east run off (6)
- Guard wants more to go (6)
- Engineers on stormy seas with vessel to re-evaluate (6)

The solution to last Saturday's prize puzzle will be published with names of winners on Saturday April 13.

DOWN

- Nut demands money we raised (6)
- City people, when fresh air is introduced, break up (6)
- Tend to follow one of government member (7,6)
- Snack one with a ruler here (7)
- Green - trademark designed for food producers (6)
- Share one 50p raised in street (6)
- When you take 24 hours' rest (6)
- When in South Africa inform her (6)
- Black singer swallowing sedative (6)
- Introduces parking then withdraws (6)
- Dressed in blue ready for the match? (7)
- Address to "Mister (not Mr) Rulerstar" (7)
- Decline to take fool round property (6)
- Heaven brought up opening article (6)

JOTTER PAD

Negative note for developers

It is a tired old myth, sedulously propagated by people who have not done their homework. Lord Wilberforce said in the House of Lords debate in 1981, but English judges are more literalist and narrow in their interpretation of statute law than European courts. While English judges over the past decade have shown more inclination to adopt a purposive approach to acts of parliament, rather than a narrow, literal one, there is still substance in the complaint that social policy is too often being frustrated by the insistence of some judges to apply the words of a statute strictly.

A recent decision of the Court of Appeal in a case involving the rival claims of developers and conservationists in the application of planning law does support the view that the black-letter lawyer is still a recognisable individual breed. A provision in the Town and Country Planning Act 1971, re-enacted in the Planning (Listed Buildings and Conservation Areas) Act 1980, directs planning authorities and inspectors in planning inquiries, when they are considering applications for land developments in a conservation area, to pay special attention to certain environmental factors. The law provides that "where any area is for the time being designated as a conservation area, special attention shall be paid to the desirability of preserving or enhancing its character or appearance" with respect to any buildings or other land in that area.

Two years ago, Mr Lionel Read QC, a planning law expert sitting as a deputy High Court judge, noted the essential difference in interpreting



JUSTINIAN

the law. He stated pithily: "Harm is one thing; preservation is another." His message to planning authorities and inspectors was that the concept of avoiding harm is essentially negative, while the underlying purpose of the statutory provision is essentially positive. A planning authority must adopt a more vigorous approach to the application of the statutory provision, particularly where there are competing views.

A year later, Mr Read, following his earlier ruling, quashed a decision of an inspector appointed by the environment secretary. The inspector had reversed a refusal by South Lakeland District Council to grant planning permission to erect a new vicarage in the curtilage of the existing one in Carmel, Cumbria, within the Carmel Conservation Area. Mr Read considered that the inspector had failed in his duty to determine whether the proposed development would make a positive contribution to preservation and enhancement.

other hand, considered that the inspector had fully complied with his duty and it reversed the ruling of Mr Read. Lord Justice Mann, himself a planning law expert before he was elected to the Bench, thought that neither the word "preserving" nor "enhancing" was used in any meaning other than its ordinary English dictionary meaning. Since the words were used disjunctively - "or" not "and" - "preserve", as a transitive verb, was, according to the Oxford English dictionary, "to keep safe from harm or injury". In short, the character or appearance of the conservation area could be said to be preserved where it was not being harmed. The law's object of preserving the character or appearance of an area is achieved either by a positive contribution to preservation or by land development which left character or appearance unharmed. Lord Justice Mann, Lord Justice Slade (a retired Lord Justice of Appeal) expressed their agreement that the negative approach was to be preferred.

English words always derive colour from other words which surround them. Sentences are not mere collections of words to be lifted out of their sentence structure, defined separately by reference to one or more dictionaries, and then put back into the sentence with the meaning assigned to them as separate words. To indulge in that form of word chopping is a recipe for distorting the purpose for which parliament enacted the law. Preservation as a *façon de parler* may also mean positively protecting the character and appearance of an area designated for conservation, rather than to promote the interests

of developers by asking the negative question: will the development be harmful? The positive approach does at least shift the emphasis from development to conservation. It reflects the words of the 19th century poet Samuel Rogers, who wrote:

"That very law which moulds a tree
And bids it tickle from its source
That law preserves the earth
As spheres
And guides the planets in their course."

The postwar history of planning law has been an unending struggle between land developers and conservationists in which the former's interests have prevailed. Town and Country Planning Acts since 1947 have established a comprehensive licensing system under which any kind of land development requires government permission. The legislation has consistently been promoted through ministerial advice to planning authorities and inspectors favouring land development. At local government level, however, there is at least the potential to resist or restrict development but objectors and third parties have no rights except to lodge their opposition to a development which planning authorities must take into account when deciding whether to grant planning permission.

The Court of Appeal's decision is, therefore, bad news for those local authorities wishing to introduce more of a balancing exercise in dealing with planning applications. The decision, in effect, endorses the consistent advice from central government of the primacy of development, even in conservation areas.

KLEINWORT BENSON (JAPAN) FUND

SICAV
11, rue Aldringen, L-1118 Luxembourg
R.C. Luxembourg No B 8528

Notice is hereby given that an Extraordinary General Meeting of the Company will be held at 11, rue Aldringen, L-1118 Luxembourg, Grand Duchy of Luxembourg on April 15, 1991 at 11.00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions:

Resolutions

- the Company be wound up and liquidated;
 - Gérard Bequer be appointed as liquidator;
 - the liquidator be authorised and instructed to:
- enter into an agreement between (1) the Company (2) Kleinwort Benson Japan Fund Limited and (3) Kleinwort Benson Select Fund SICAV in connection with the matters set out in the following resolutions;
 - pay all outstanding liabilities of the Company and set aside all monies required to cover the costs of liquidation (save for those liabilities of the Company agreed to be borne by Kleinwort Benson International Fund Managers Limited);
 - use the balance of the assets pursuant to and pay in cash or kind for shares of the Japanese Sub-Fund of Kleinwort Benson Select Fund, a société d'investissement à capital variable under the laws of Luxembourg and Kleinwort Benson Japan Fund Limited, a limited company under the laws of Guernsey, first, in proportion to the elections made by the shareholders of the Company for shares in either of these funds and, secondly, to the extent that shareholders do not make such elections, by subscribing for shares in the Japanese Sub-Fund of Kleinwort Benson Select Fund, such shares to be issued in registered form to holders of shares in registered form in the Company and in bearer form to holders of shares in bearer form in the Company;
 - cause Kleinwort Benson Select Fund and Kleinwort Benson Japan Fund Limited to allot and remit to the shareholders of the Company shares in the Japanese Sub-Fund of Kleinwort Benson Select Fund and shares in Kleinwort Benson Japan Fund Limited respectively pursuant to the elections or decided elections referred to in (ii) above; and
 - proceed in all other respects in accordance with the law of August 10, 1915 on commercial companies, as amended, and the law of March 30, 1988 concerning collective investment undertakings.

Luxembourg, March 18, 1991

By order of the Board

The Secretary

Registered Office: 11, rue Aldringen, L-1118 Luxembourg, Grand Duchy of Luxembourg

Notes

- A Member entitled to attend and vote is entitled to appoint a proxy or proxies to attend and, to vote instead of him. A proxy need not be a member of the Company.
- To be valid, a Form of Proxy must be lodged at the Company's registered office, Kreditsbank, 11, rue Aldringen, L-2960 Luxembourg, Grand Duchy of Luxembourg not later than 11.00 a.m. on April 12, 1991. Forms of proxy are available at the same address.
- In order to entitle their holders to vote, bearer shares should be deposited with Kreditsbank S.A., Luxembourg, 43, boulevard Royal, L-2955 Luxembourg, Grand Duchy of Luxembourg not later than 11.00 a.m. on April 12, 1991.
- For further information Shareholders should consult the document entitled "Proposals for a Scheme of Reconstruction in relation to Kleinwort Benson (Japan) Fund SICAV" which contains a letter by the Chairman of the Board of Directors of the Company, Appendix 1 which sets out details of the Proposals, Appendix 2 which sets out the Draft Agreement to be entered into pursuant to item (i) of the Resolutions above, and Appendix 3 which sets out General Information in relation to the Company, as well as the current scheme documents are available without cost at the offices of Kreditsbank at the above address.